



Committee: CABINET

Date: TUESDAY, 26 JULY 2011

Venue: LANCASTER TOWN HALL

Time: 10.00 A.M.

A G E N D A

1. Apologies

2. Minutes

To receive as a correct record the minutes of Cabinet held on Tuesday 5 July 2011 (previously circulated).

3. Items of Urgent Business Authorised by the Leader

To consider any such items authorised by the Leader and to consider where in the agenda the item(s) are to be considered.

4. Declarations of Interest

To consider any such declarations.

5. Public Speaking

To consider any such requests received in accordance with the approved procedure.

Reports from Overview and Scrutiny

None

Reports

6. Lancaster Market

(Cabinet Member with Special Responsibility Councillor Barry)

Report of the Head of Property Services (to follow)

7. Provisional Revenue, Capital and Treasury Management Outturn 2010/11 (Pages 1 - 59)

(Cabinet Member with Special Responsibility Councillor Bryning)

Report of the Head of Financial Services

8. **Shared Services Programme** (Pages 60 - 68)
(Cabinet Member with Special Responsibility Councillor Blamire)
Report of the Chief Executive
9. **Cycling - Future actions following Cycling Demonstration Town Project** (Pages 69 - 108)
(Cabinet Member with Special Responsibility Councillor Hanson)
Report of the Head of Regeneration and Policy
10. **International Youth Games 2012/13** (Pages 109 - 114)
(Cabinet Member with Special Responsibility Councillor Sands)
Report of the Head of Community Engagement
11. **LDLSP Performance Reward Grant** (Pages 115 - 125)
(Cabinet Member with Special Responsibility Councillor Blamire)
Report of the Head of Community Engagement
12. **Business Improvement Districts for Lancaster and Morecambe** (Pages 126 - 152)
(Cabinet Member with Special Responsibility Councillor Hanson)
Report of the Head of Regeneration and Policy
13. **Exclusion of the Press and Public**
Members are asked whether they need to declare any further declarations of interest regarding the exempt reports.

Cabinet is recommended to pass the following recommendation in relation to the following items:-

“That, in accordance with Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following item of business, on the grounds that they could involve the possible disclosure of exempt information as defined in paragraph 12 of Schedule 12A of that Act.”

Members are reminded that, whilst the following items have been marked as exempt, it is for the Council itself to decide whether or not to consider each of them in private or in public. In making the decision, Members should consider the relevant paragraph of Schedule 12A of the Local Government Act 1972, and should balance the interests of individuals or the Council itself in having access to information. In considering their discretion Members should also be mindful of the advice of Council Officers.

14. **Property Services Restructure** (Pages 153 - 175)

(Cabinet Member with Special Responsibility Councillor Hamilton-Cox)

Report of the Chief Executive

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Eileen Blamire (Chairman), Janice Hanson (Vice-Chairman), Jon Barry, Abbott Bryning, Tim Hamilton-Cox, Karen Leytham, Ron Sands and David Smith

(ii) Queries regarding this Agenda

Please contact Liz Bateson, Democratic Services - telephone (01524) 582047, or email ebateson@lancaster.gov.uk.

(iii) Changes to Membership, substitutions or apologies

Please contact Members' Secretary, telephone 582170, or alternatively email memberservices@lancaster.gov.uk.

MARK CULLINAN
CHIEF EXECUTIVE
TOWN HALL,
LANCASTER LA1 1 PJ

Published on 14 July 2011

CABINET

**Provisional Revenue, Capital and Treasury Management
Outturn 2010/11
26 July 2011
Report of Head of Financial Services**

PURPOSE OF REPORT				
This report provides summary information regarding the provisional outturn for 2010/11 and the timetable for completion of the closure of accounts process. It also sets out information regarding the carry forward of underspent/overspent revenue budgets and capital slippage for Members' consideration, and seeks approval of various Prudential Indicators for last year for referral on to Council. It also incorporates the Treasury Management Outturn report (previously this has been reported separately).				
Key Decision	X	Non-Key Decision		Referral from Cabinet Member
Date Included in Forward Plan		July 2011		
This report is public.				

RECOMMENDATIONS OF COUNCILLOR BRYNING

1. That the provisional outturn for 2010/11 be noted.
2. That Cabinet notes the transfers to provisions and reserves actioned by the Head of Financial Services as set out in section 4.2 of the report.
3. That Cabinet approves the recommendations regarding carry forward of overspendings as set out at Appendix F.
4. That Cabinet approves the requests to carry forward underspent General Fund revenue budgets numbered 1 to 14 and the Housing Revenue Account request numbered 19 all as set out at Appendix G, with referral on to Council where appropriate.
5. That Cabinet considers the remaining General Fund carry forward requests numbered 15 to 18, which involve some change of use from the original budget purpose, and makes recommendations as appropriate.
6. That Cabinet approves the requests for capital slippage as set out at Appendix J.
7. That the timetable for completion and reporting of the closure of accounts be noted, as set out in section 8 of the report.

8. That the Annual Treasury Management report as set out at Appendix K be noted and referred on to Council.
9. That the Prudential Indicators as at 31 March 2011 as set out at Appendix L be approved for referral on to Council.

1 BACKGROUND

All local authorities have a legal duty to produce annual accounts in accordance with various regulations and professional practice. The work required to close the 2010/11 accounts has now been completed and the draft Statement of Accounts was signed off on 30 June 2011, in line with the statutory deadline. The full Statement is freely available on the Council's website.

For 2010/11, councils were required to adopt International Financial Reporting Standards (IFRS) and whilst this introduces greater comparability with private sector reporting, it does mean that the accounts are now more complex. To help with interpretation the 'foreword' section of the Accounts is presented in a less prescribed, simpler manner than the full Statement.

This report draws on information outlined in the foreword to provide Cabinet with an update on issues arising from the outturn, including treasury management, and seeks Cabinet approval for various matters. Councils' financial performance is integral to its service performance overall and Members are advised to consider this report in that context.

Please note that larger copies of the appendices are available on request.

2 PROVISIONAL REVENUE OUTTURN

- 2.1 A summary of the revenue outturn position for the main accounts of the Authority is set out below.

	Revised Budget	Provisional Outturn	Variance (Favourable) / Adverse
	£000	£000	£000
Housing Revenue Account (HRA) Deficit – relates to Council Housing services	173	71	(102)
General Fund Net Budget – covers all other Council services (but excludes parish precepts)	24,740	23,653	(1,087)

3 HOUSING REVENUE ACCOUNT (HRA)

- 3.1.1 The Housing Revenue Account was underspent in last year by approximately £102K (2009/10 comparative: £173K underspend). A summary of the HRA provisional

outturn is included at **Appendix A** and outline variance analysis is attached at **Appendix B**. Points to note include the following:

- The bulk of significant operational variances were picked up through quarterly monitoring.
- Significant efficiency and other savings were achieved but these were offset in part by the need to increase provisions to cover potential bad debts on rechargeable repairs and former tenant arrears. Improvements to the recovery arrangements are currently being implemented.
- Some minor slippage was experienced in planned maintenance and also slippage on the capital programme resulted in a lower revenue financing contribution, although these will require financing in the current year.

3.1.2 Overall therefore, the outturn position for the HRA is favourable, albeit that this has been influenced by some comparatively minor spending delays. Linked to this, the sections later in this report on carry forward requests and capital slippage include items relating to council housing.

4 GENERAL FUND

4.1 Revenue Outturn

4.1.1 After allowing for various year end adjustments, there has been a net underspending of £1.087M during 2010/11 and a summary statement is included at **Appendix C**; the underspending represents 4.4% of the Council's net budget requirement (2009/10 comparative: £245K underspend, 1% of budget).

4.1.2 This position is after providing a little over £500K of additional contributions to provisions and reserves, more details of which are included in section 4.2 below. Before these contributions, the underspending was around £1.6M or 6% of the budget (2009/10 comparative: £1.5M underspend, 6% of budget; in last year extra contributions of around £1.3M were transferred into earmarked reserves).

4.1.3 A summary of the variances analysed primarily by service is included at **Appendix D**. The appendix also highlights the variances that were reported in Performance Review Team (PRT) meetings, and provides the following summary of the main factors behind the outturn position:

Factors influencing Outturn	Value £'000
One-off windfalls and unforeseeable savings	(328)
Demand led variances	(138)
Efficiency savings	(369)
Service changes and reductions (including delays)	(659)
Budget setting issues / errors	(63)
Year end adjustments	524
Other variances (including where reasons are being clarified)	(54)
Net Total	(1,087)

- 4.1.4 It should be appreciated that the above analysis is not perfect; there are many budget variances that are influenced by a variety of factors and where this is so, a view has been taken on what is most relevant. Nonetheless, the above gives a useful picture on which to focus further work. This is with the aim of strengthening budgeting and forecasting, as well as identifying ongoing savings or actions to avoid future overspending.
- 4.1.5 In addition to there being a comparatively high value of unforeseen variances that would not reasonably have been budgeted for, there are also some fairly major spending delays, which link to the carry forward requests set out in section 5, and also some fairly high efficiency savings achieved. The variances are too wide ranging to comment further but even allowing for all carry forward requests, a major net underspending still results.
- 4.1.6 Appendix D also gives preliminary indications from services on which variances may reasonably be expected to continue into current and future years. At present this has focused mainly on adverse areas where income levels are expected to fall, but given the scale and nature of the overall underspending, it is fully expected that overall, ongoing net savings should be identifiable from the outturn.
- 4.1.7 All Service Heads have therefore committed to undertaking a full review of their underspendings over the summer, primarily as part of the current year's Quarter 1 reporting. The aim is to draw out any savings and service performance or financial improvements needed. Any budgetary matters arising will be reported through corporate monitoring and incorporated into the half-yearly Medium Term Financial Strategy (MTFS) review. This should improve financial and service planning for the future – and assist in balancing the budget.

4.2 Provisions and Reserves

- 4.3 In closing the accounts for last year the Council's reserves and provision balances have been reviewed; this is in accordance with the policy and schedule approved by Council back in March. A full statement for General Fund is attached at **Appendix E** and the main issues and transfers are highlighted specifically below:
- For insurance, an additional contribution of £153K has been made, to ensure that the closing balance covers the estimated settlement values for claims outstanding as at 31 March. The expected need to make an extra contribution at year end was reported in the last financial monitoring report.
 - An additional £350K has been added to the Capital Support Reserve, to cover contractual liabilities existing at 31 March attached to West End properties and also additional legal costs associated with the ongoing tribunal for Luneside East compensation claims.
 - Some minor reserves have not yet been closed as there is still spending to be financed from them.
- 4.4 All the additional contributions outlined above relate to financial obligations that existed at 31 March rather than them supporting future policies or new spending commitments. This is in line with the current provisions and reserves policy.

- 4.5 In total the additional transfers amount to £503K and they have already been reflected in the General Fund summary position outlined earlier, hence at this stage Cabinet is asked only to note them.

5 CARRY FORWARD OF UNDERSPENDS AND OVERSPENDS

- 5.1 As set out in the Financial Regulations the aims of the Carry Forward Scheme are to:
- provide some flexibility in delivering the Council’s stated objectives
 - remove the incentive to spend up budgets unnecessarily by year end, and
 - promote good financial management.
- 5.2 Under the Scheme, the carry forward of overspends on controllable budgets is generally automatic. Requests for the carry forward of underspends is subject to Member approval, however. Whilst there is a need to protect the overall financial position of the Council, it is recognised that there is also the need to be fair to services in dealing with carry forwards and to ensure that the process does not act as a disincentive to sound financial management (i.e. does not encourage managers simply to spend up, to avoid ‘losing’ budgets). That said, budgets exist for specific plans and purposes and the carry forward scheme is also designed to support this.
- 5.3 In view of the above, in previous years Cabinet has adopted the following approach to achieve a reasonable balance:
- Carry forwards of overspends were considered in view of the circumstance and level, but Cabinet exercised its discretion in waiving the carry forward requirement where the aggregate overspending of any service was less than £5,000.
 - Cabinet considered certain requests for carrying forward underspendings but sought to approve only those where there were clear existing commitments against the appropriate budget and it was demonstrated that there was no scope for meeting such commitments from current year’s allocations.
- 5.4 On the basis that Cabinet chooses to follow a similar approach for this year, details of overspends on controllable budgets (or net overspends, where applicable) are set out at **Appendix F**. This also incorporates the comments received from Service Managers. A number of the larger overspends relate to shortfall in income which have resulted from a reduction in demand for chargeable services and as such no further action is recommended. As background, the determination of whether a budget is ‘controllable’ is not wholly objective, e.g. with income budgets, whilst the setting of fees and charges are controlled by the council the demand for those services is not controllable. That is why there is a need to consider each case on its merits.
- 5.5 With regard to the carry forward of underspends, Service Heads have submitted various proposals and these are attached at **Appendix G**. In total, they amount to £429K for General Fund and £30K for the Housing Revenue Account. If all requests were approved, it would have the following effect on revenue balances at the end of the current year. This makes no allowance for the impact of any decisions regarding overspends, however:

Fund	Estimated Balances as at 31 March 2012:			Basic Minimum Balances Level £'000
	Per Approved Budget £'000	Assuming all requests approved £'000	Variance (Surplus) £'000	
Housing Revenue Account	350	407	(57)	350
General Fund	1,326	1,984	(658)	1,000

- 5.6 With regard to the HRA, there is also the need to provide some revenue financing for capital slippage (£67K) and capital retentions (£15K), as covered in section 6 below. The capital slippage will be met from an earmarked reserve whilst the HRA balance shown above has been adjusted for the financing of capital retentions.
- 5.7 Cabinet could support all carry forward requests as set out in the Appendix and still stay within the approved budget framework. In considering each bid, however, Cabinet should be mindful of the overall financial position and the MTFs, as well as the impact on service delivery and what the request would achieve. Some items are clearly tied in with existing contractual or statutory commitments, and some are requesting either a change in use of the budget underspend or for it to be applied to new schemes or anticipated commitments. It is also highlighted that because of their high value, some bids would still need to be referred on to Council for final approval.

6 CAPITAL OUTTURN

- 6.1 In last year as in previous years, there is a sizeable net underspending on the Capital Programme before the effects of slippage are taken into account. **Appendix H** includes a provisional capital expenditure and financing statement for the year, which is summarised in the table below. Members should note that the revised budget has been updated to reflect the decision to acquire vehicles and waste receptacles and fund them through unsupported borrowing rather than through sale and lease back arrangements, on value for money grounds. The update is in accordance with the delegated authority given to the Section 151 Officer as set out in the MTFs.
- 6.2 In considering the position Members should bear in mind the processes in place to ensure that schemes progress only when funding is available.

Capital Programme	Revised Budget	Expenditure (before slippage)	Overspend or (Underspend)	
	£'000	£'000	£'000	%
Council Housing	4,274	4,185	(89)	2
General Fund	7,224	6,733	(491)	7
Total Programme	11,498	10,918	(580)	5

- 6.3 Details of individual slippage requests from services have been received, a schedule of which is attached at **Appendix J**. In considering these, Cabinet is asked to note that many of the associated capital schemes are already underway and expenditure may already have been incurred in this year – the actual approval of slippage can be a formality. If Members have any questions on particular requests and/or are minded to refuse any, it would be useful to know prior to the meeting, to ensure that sufficient detailed information is available.
- 6.4 Information on recent years' slippage is also included below for comparison. This shows that it has reduced significantly in previous years – though clearly total levels of capital investment have reduced also.

	2010/11	2009/10	2008/09	2007/08	2006/07
	£'000	£'000	£'000	£'000	£'000
Council Housing	82	384	478	480	157
General Fund	<u>899</u>	<u>2,303</u>	<u>1,952</u>	<u>4,235</u>	<u>2,554</u>
Total Slippage Requested	<u>981</u>	<u>2,687</u>	<u>2,430</u>	<u>4,715</u>	<u>2,711</u>

- 6.5 The table below pulls together the position after allowing for slippage. The impact on resources for both the HRA and General Fund is still favourable. Again, any implications for current or future years will be picked up as part of the mid-year review for the Medium Term Financial Strategy.

Capital Programme	Revised Estimate	Forecast Expenditure (including slippage)	Overspend Or (Underspend) - Rounded	Impact on Council Resources (Fav) / Adv
	£'000	£'000	£'000	£'000
Council Housing	4,274	4,267	(7)	(7)
General Fund	7,224	7,632	408	(35)

7 TREASURY MANAGEMENT

7.1 Annual Report

- 7.1.1 The annual treasury management report is attached at **Appendix K** and sets out the performance of treasury operations for 2010/11 in terms of long and short term borrowing, investment activities and relevant borrowing limits and prudential indicators. This must be referred on to Council.

7.2 Outturn Position Regarding Icelandic Investments

- 7.2.1 At the end of 2010/11, after taking account of principal repayments the Council still had £4.94M of investments outstanding with the three Icelandic banks that are in administration, excluding any interest (the original total value was £6M).
- 7.2.2 A decision by the Icelandic District Court effectively gives the Council preferred creditor status for £4M of the outstanding deposits (in Glitnir and Landsbanki) and if upheld, this status should improve recovery prospects significantly. The final

outcome is currently subject to appeal through the Icelandic Supreme Court, however, and therefore the provisions to cover estimated losses on the £4M have not been reduced; they still allow for a worse case scenario.

- 7.2.3 Unless circumstances warrant it, the provisions will only be reassessed when a final ruling has been received. This is not expected before September.
- 7.2.4 With regard to the other investment in Kaupthing, Singer and Friedlander (KSF), to 31 March 2011 the Council had received 53% of the original £2M outstanding. A further 5% repayment has been received so far this financial year. Overall, recovery prospects have improved by 11% on average from those a year ago. The Council now estimates it should recover 82% of the original investment (and relevant interest) and this has been reflected in last year's Accounts.
- 7.2.5 In line with the above, total impairment provisions of approximately £3.3M were in place as at 31 March 2011, of which almost £2M is capitalised (to be funded over future years) and over £1.3M is held as a cash backed Impairment Reserve.
- 7.2.6 If the final outcome of the Icelandic litigation for Glitnir and Landsbanki is favourable, however, then impairment provisions could be reduced by around £3M. This would mean that Council would have around £1M of the Impairment Reserve becoming available for other purposes, as well as avoiding the £105K budgeted annual charge arising from the capitalised amount.

7.3 Prudential Indicators

- 7.4 Following the introduction of the Prudential Code for Capital Finance under the Local Government Act 2003, certain year end indicators must be produced for approval by Council. These are set out in **Appendix L** and their basic definitions are as follows:

Affordability: Actual ratio of financing costs to net revenue stream
This is basically total interest payments during the year, expressed as a percentage of the budget requirement.

Prudence: Actual Capital Expenditure
As set out in previous section – the spend incurred during the year excluding capital creditors brought forward.

Actual Capital Financing Requirement
Essentially this is the cumulative value of assets / capital expenditure that has not already been financed from cash resources such as capital receipts, revenue, etc. or covered by monies put aside for debt repayment.

Actual External Debt
In broad terms this is mainly debt outstanding that has been used to support previous years' capital expenditure but some other fairly minor long term liabilities are included.

- 7.5 The Indicators reflect the basis on which the budget was prepared; the final accounts have also been prepared on the same basis. The Prudential Indicators will also be referred onto Council as part of the wider Treasury Management annual report.

8 TIMETABLE FOR COMPLETION OF ACCOUNTS AND ASSOCIATED MATTERS

8.1 The timetable for completion and consideration of any issues arising as a result of the outturn is as follows, for Cabinet's information:

Monday 18 July	Commencement of audit of Accounts
Friday 27 July	4 week period for public inspection of Accounts ends
Monday 01 August	Public access to Auditor commences
July – August	Quarter 1 Performance Review – to include consideration on services' final outturn and implications for current and future years (in particular, identification of ongoing savings)
Tuesday 30 August	Budget and Performance Panel: Consideration of Quarter 1 report and any detailed outturn consideration as required
Wednesday 14 September	Council: referral of any issues as may be required, including carry forward requests and annual Treasury Management report.
Wednesday 23 September	Audit Committee: consideration of audited accounts
October / November	Cabinet and referral on to Council: Medium Term Financial Strategy update, incorporating impact of outturn and current year's monitoring to date

8.2 It can be seen from the above that various aspects of the outturn will be reported through to Members for their due consideration:

- Cabinet will receive high level information in connection with the impact of the outturn on financial monitoring for this year and on future years' projections within the Financial Strategy. It will also provide a basis for Cabinet Members to consider any related specific performance issues if required, through Quarter 1 monitoring as appropriate.
- Certain matters such as the Treasury Management Annual Report require Council approval.
- Budget and Performance Panel will consider Cabinet reports and recommendations, and may request more detailed information regarding individual service financial performance as appropriate, to hold the Executive (Members and Officers) to account.
- Audit Committee now approve the Accounts only after they have been audited (previously they considered the draft version in June).

9 DETAILS OF CONSULTATION

As reflected in section 8 above, the statutory 4 week public inspection period is currently underway; information on the public's rights have been made available as part of this process.

10 OPTIONS AND OPTIONS ANALYSIS

The City Council has a legal requirement to ensure that its expenditure is fully funded and to produce a Statement of Accounts in accordance with proper accounting practice. In addition, the Prudential Indicators are a statutory requirement linked to the budgetary framework. For these aspects, therefore, there are no alternative options for Cabinet to consider. Members are being asked to endorse certain actions taken by the Head of Financial Services, however. Cabinet should consider whether it has sufficient information to do so or whether it requires any further justification. With regard to reserves contributions, there will be opportunities for these to be amended during the current financial year, as part of the usual arrangements.

The report requests Cabinet to consider a number of revenue budget carry forward matters and capital slippage. The framework for considering these is set out in the report but basically Cabinet may:

- Approve any number of the items / requests, in full or part.
- Refuse any number of the requests and if commitments have already been incurred, require alternative funding options to be identified. Cabinet should note, however, that this may impact on other areas of service delivery.
- Request further information regarding them, if appropriate. Cabinet is asked to bear in mind any work required against the value of the individual bids.

11 OFFICER PREFERRED OPTION AND JUSTIFICATION

Officer recommendations regarding any carry forward of overspendings are set out in Appendix F, as referred to earlier. Where there are alternative options for other aspects of the outturn, in view of the comments made above there are no specific officer preferred options put forward.

12 CONCLUSION

Although 2010/11 has been an uncertain year financially, as at 31 March the Council has improved its financial standing overall by generating net efficiency savings and through other underspendings. Balances are significantly higher than forecast. Whilst there are still uncertainties surrounding the outcome of Icelandic investments, the Council has retained its provisions to cover 'worse case' estimated losses and therefore potentially there is scope for its financial position to improve further, should a positive ruling be forthcoming. Looking forward, the Council has earmarked further reserves to help respond to the ongoing financial challenges expected over the coming years. Given funding prospects the Council must continue to reduce costs wherever possible – substantially more efficiency and other savings initiatives will be needed in future in order to ensure a balanced annual budget and financial stability.

RELATIONSHIP TO POLICY FRAMEWORK The Outturn and Statement of Accounts report on all the financial resources generated and/or used by the Council in providing services or undertaking other activities under the Policy Framework.	
CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability etc) None directly identifiable, due to the high level nature of this report.	
FINANCIAL IMPLICATIONS As set out in the report.	
SECTION 151 OFFICER'S COMMENTS This report forms part of the section 151 officer responsibilities; clearly the outturn is also subject to external audit.	
LEGAL IMPLICATIONS Legal Services have been consulted and have no comments to add.	
MONITORING OFFICER'S COMMENTS The Monitoring Officer has been consulted and has no comments to add.	
BACKGROUND PAPERS Financial Regulations, MTFs, LGA 2003	Contact Officer: Nadine Muschamp Telephone: 01524 582117 E-mail: nmuschamp@lancaster.gov.uk

APPENDIX A

Housing Revenue Account Outturn - 2010/11

For Consideration by Cabinet 26 July 2011

	2010/11 BUDGET	2010/11 REVISED	2010/11 ACTUAL	VARIANCE ADVERSE / (FAVOURABLE)
	£'000	£'000	£'000	£'000
INCOME				
Rental Income - Council Housing (Gross)	(11,717,900)	(11,720,600)	(11,754,600)	(34,000)
Rental Income - Other (Gross)	(188,600)	(192,700)	(197,800)	(5,100)
Charges for Services & Facilities	(1,841,900)	(1,821,800)	(1,801,300)	20,500
Grant Income	(7,700)	(7,700)	(7,700)	0
Contributions from General Fund	(165,200)	(165,200)	(170,100)	(4,900)
Total Income	(13,921,300)	(13,908,000)	(13,931,500)	(23,500)
EXPENDITURE				
Repairs & Maintenance	4,028,500	3,943,100	3,792,200	(150,900)
Supervision & Management	3,357,300	3,393,600	3,197,900	(195,700)
Rents, Rates, Taxes & Other Charges	99,400	94,000	128,200	34,200
Negative Housing Revenue Account Subsidy Payable	1,574,500	1,748,600	1,748,700	100
Increase in Provision for Bad and Doubtful Debts	155,800	180,000	315,200	135,200
Depreciation & Impairment of Fixed Assets	2,369,000	2,370,300	36,519,400	34,149,100
Debt Management Costs	1,100	1,100	1,100	0
Total Expenditure	11,585,600	11,730,700	45,702,700	33,972,000
NET COST OF HRA SERVICES	(2,335,700)	(2,177,300)	31,771,200	33,948,500
(Gain) or Loss on Sale of HRA Fixed Assets	0	0	(109,300)	(109,300)
Interest Payable & Similar Charges	808,000	717,700	723,800	6,100
Amortisation of Premiums & Discounts	158,500	158,500	0	(158,500)
Interest & Investment Income	(55,000)	(22,900)	(236,000)	(213,100)
Pensions Interest Costs & Expected Return on Pensions Assets	68,000	68,000	(836,200)	(904,200)
(SURPLUS) OR DEFICIT FOR THE YEAR	(1,356,200)	(1,256,000)	31,313,500	32,569,500
Adjustments to reverse out Notional Charges included above	(65,400)	(63,200)	(33,747,300)	(33,684,100)
Net charges made for retirement benefits	(68,000)	(68,000)	945,600	1,013,600
Transfer to/(from) Major Repairs Reserve	0	(411,100)	(286,600)	124,500
Transfer to/(from) Earmarked Reserves	238,400	9,600	22,700	13,100
Capital Expenditure funded by the Housing Revenue Account	1,251,200	1,961,900	1,823,400	(138,500)
TOTAL (SURPLUS) / DEFICIT FOR THE YEAR	0	173,200	71,300	(101,900)
Housing Revenue Account Balance brought forward	(350,000)	(523,200)	(523,172)	28
Housing Revenue Account Balance carried forward	(350,000)	(350,000)	(451,872)	(101,872)

NOTE: the above statement has been updated to reflect changes in accounting practice. This has resulted in several large apparent variances, but these are due to presentation only.

2010/11 HRA Fund Variance Analysis

FACTORS INFLUENCING OUTTURN	VALUE		PRT QTR4 Projection £	C/Fwd Request £	Ongoing? £
	£	£			
1 Unforeseeable windfalls or costs		3,304			
2 Demand led variances		122,870			
3 Efficiency savings	(166,362)				
4 Other service driven variances (including delays)	(82,347)				
5 Budget setting issues / errors		0			
6 Year end adjustments		21,729			
7 Minor variances	(1,066)	(101,872)			
<hr/>					
DETAILED VARIANCE BY SERVICE AREA	£	£			
	Adverse or (Favourable)				
HRA - Council Housing					
Dwelling Rents (Gross)					
2 Lower voids at 1.2%, compared to estimate at 1.5%.	(33,963)		(34,000)		
2 Increase in rent income on Commercial Properties	(5,053)				
Charges for Services & Facilities					
1 Lower recovery of Court Cost debts	7,228				
2 Reduced income from heating charges and lower de-minimus receipts	6,510				
Repairs & Maintenance					
3 Caretaker Services : reduced energy costs obtained through purchasing consortium	(5,538)				
3 Responsive Maintenance : Increase in chargeable hours, from improved sickness levels and lower void levels	(62,285)				
Planned Maintenance					
2 Increase in boiler replacements following annual inspections.	14,842				
4 Appletree Close car parking completed ahead of schedule.	15,254		14,000		
3 Savings on contract	(73,457)		(36,800)		
4 Increase in insurance works resulted in delay in concrete repairs	(30,000)		(3,000)	30,000	
Supervision & Management					
Housing Options - Choice Based Lettings					
4 Vacant post savings	(12,908)		(9,800)		
4 Installation of system delayed due to contract issues	(6,484)		(6,600)		
Council Housing Management & Admin					
4 Deferred training courses and purchase of stock	(19,953)		(24,800)		
3 Savings on housing survey contract plus contribution from Environmental Services (Task System)	(12,867)		(15,400)		
1 New starters opting in to the pension scheme	5,193		5,200		
1 Costs incurred meeting statutory responsibility	5,911				
3 Procurement savings for works to the Oracle system	(5,236)				
4 Postage savings	(4,193)				
Repairs and Maintenance Management and Admin					
2 Increase in emergency inspections resulting in increased mileage	5,334				
4 Vacant post savings	(5,262)				
Sheltered Schemes					
4 Melling House/Alder Grove : Vacant post savings	(14,989)		(6,300)		
4 Beck View/Kingsway : Necessary safety works following fire risk assessment.	12,588		0		
1 Glebe Court : Electricity dispute with supplier is now resolved in favour of LCC	(7,028)		(7,600)		
Central Control					
4 System implementation behind target, first year maintenance costs now due in 2011/12	(16,400)		(16,400)		
3 Less equipment required due to equipment being returned and then relet	(6,979)				
Rents, Rates, Taxes & Other Charges					
6 Insurances : Additional contribution due to more claims received	34,228				
Negative Housing Revenue Account Subsidy Payable					
Increase in Provision for Bad and Doubtful Debts					
2 Increased provision to allow for increase in arrears	135,200				
Interest Payable & Similar Charges					
6 Consolidated Rate of Interest higher than estimated	6,140				
Interest & Investment Income					
1 Additional interest income from investments	(8,000)				
7 Minor Variances	(1,066)	(83,233)			
6 Year end adjustments from Environmental Services	(18,639)	(18,639)			
UNDERSPEND ON HRA BEFORE CARRY FORWARD AND SLIPPAGE REQUESTS		(101,872)	(141,500)	30,000	0
Total Provisional Carry Forward Requests			30,000		
Total Revenue Financing required to meet capital retentions			15,500		
TOTAL NET UNDERSPEND ON HRA, ASSUMING ALL CARRY FORWARD AND SLIPPAGE REQUEST APPROVED			(56,372)		

GENERAL FUND REVENUE SUMMARY

For Consideration by Cabinet 26 July 2011

	Original Budget £	Revised Budget £	Actuals £	Variance £	True Variance £
Office of the Chief Executive	0	0	0	0	(4,403)
Community Engagement	5,614,400	5,523,400	5,283,023	(240,377)	(264,721)
Environmental Services	6,697,200	6,339,700	5,853,281	(486,419)	(222,404)
Financial Services	3,855,400	3,924,400	7,601,786	3,677,386	(41,458)
Governances	2,013,300	1,905,900	1,721,641	(184,259)	(127,715)
Health & Housing	2,722,600	2,625,700	2,552,371	(73,329)	45,840
Information Services	174,100	235,100	201,738	(33,362)	(48,344)
Property Services	1,180,600	1,351,600	917,497	(434,103)	(249,728)
Regeneration and Policy	4,489,900	4,169,800	4,300,897	131,097	(370,885)
Corporate Accounts	(2,007,500)	(1,335,600)	(4,779,759)	(3,444,159)	196,293
Total Budget Requirement	24,740,000	24,740,000	23,652,475	(1,087,525)	(1,087,525)
Parish Precepts	528,100	528,100	528,100	0	
Total Net Expenditure	25,268,100	25,268,100	24,180,575	(1,087,525)	

Note the underspend of approx £1.087M will be transferred to Unallocated balances to balance off the Fund accounts.

The first variance column includes notional variances relating to numerous capital and pensions charges that have to be included within the relevant service areas, but they are then reversed out (within the Corporate Accounts section) and so do not impact on the 'bottom-line' outturn position. The true variance column excludes these items and therefore shows the real outturn position - the full analysis of this is shown at Appendix D.

SUBJECTIVE ANALYSIS	2010/11 Estimate £	2010/11 Revised £	2010/11 Actuals £	Variance £	True Variance £
Direct Employee Expenses	21,385,100	20,321,800	12,020,231	-8,301,569	-288,569
Indirect Employee Expenses	711,900	1,451,900	1,657,666	205,766	149,011
Employees	22,097,000	21,773,700	13,677,897	-8,095,803	-139,558
Apportionment of Operational Buildings	180,600	179,000	158,947	-20,053	-20,053
Cleaning and Domestic Supplies	452,600	455,000	439,228	-15,772	-15,772
Energy Costs	920,100	844,500	700,340	-144,160	-144,160
Grounds Maintenance Costs	1,599,600	1,407,500	1,337,618	-69,882	-69,882
Premises Insurance	119,200	114,800	115,043	243	243
Rates	823,000	834,300	833,005	-1,295	-1,295
Rents	718,700	737,100	738,627	1,527	1,527
Repair and Maintenance of Buildings	1,357,300	1,474,000	1,323,326	-150,674	-150,674
Water Services	272,200	298,200	287,956	-10,244	-10,244
Premises Related Expenditure	6,443,300	6,344,400	5,934,090	-410,310	-410,310
Car Allowances	288,800	309,500	295,206	-14,294	-14,294
Contract Hire and Operating Leases	804,900	588,300	471,819	-116,481	-116,481
Direct Transport Costs	1,290,000	1,268,600	1,226,921	-41,679	-41,679
Public Transport	9,600	14,600	15,009	409	409
Transport Insurance	79,900	103,100	102,867	-233	-233
Transport Related Expenditure	2,473,200	2,284,100	2,111,822	-172,278	-172,278
Catering	67,900	78,100	68,156	-9,944	-9,944
Clothing Uniform and Laundry	77,400	76,700	69,402	-7,298	-7,298
Communications and Computing	974,200	1,042,600	1,012,912	-29,688	-29,688
Contribution to Provisions	109,800	108,700	254,000	145,300	145,300
Equipment, Furniture and Materials	1,353,700	1,398,700	1,286,243	-112,457	-112,457
General Expenses	426,800	421,500	403,903	-17,597	-17,597
Grants and Subscriptions	11,279,700	6,368,700	6,920,797	552,097	-95,576
Miscellaneous Expenses	287,200	301,500	702,879	401,379	196,069
Printing, Stationery and General Office Expenses	651,700	677,400	580,466	-96,934	-96,934
General Services	4,031,900	4,437,400	4,033,110	-404,290	-404,290
Supplies and Services	19,260,300	14,911,300	15,331,868	420,568	-432,414
Recharges	17,945,900	16,457,300	15,411,275	-1,046,025	-52,605
Support Services	17,945,900	16,457,300	15,411,275	-1,046,025	-52,605
Depreciation	3,988,200	3,557,100	8,621,355	5,064,255	9
Capital Charges	3,988,200	3,557,100	8,621,355	5,064,255	9
Interest Payments	7,887,400	7,888,100	10,384,208	2,496,108	449
Capital Financing Costs	7,887,400	7,888,100	10,384,208	2,496,108	449
Housing Benefit	48,405,900	50,432,700	49,394,645	-1,038,055	-1,038,055
Transfer Payments	48,405,900	50,432,700	49,394,645	-1,038,055	-1,038,055
Appropriations	9,550,900	9,150,200	32,014,521	22,864,321	546,866
Appropriations	9,550,900	9,150,200	32,014,521	22,864,321	546,866
TOTAL	138,052,100	132,798,900	152,881,681	20,082,781	-1,697,896
Appropriations	-11,781,100	-8,784,400	-7,779,153	1,005,247	24,328
Appropriations	-11,781,100	-8,784,400	-7,779,153	1,005,247	24,328
Capital Related Income	-6,768,100	-3,639,000	-21,750,336	-18,111,336	-157,599
Capital Financing Income	-6,768,100	-3,639,000	-21,750,336	-18,111,336	-157,599
Customer Fees and Charges	-13,104,200	-12,804,300	-12,667,732	136,568	136,568
Government Grants	-50,195,700	-52,382,300	-51,537,856	844,444	844,444
Interest	-5,458,300	-5,561,800	-11,121,085	-5,559,285	-239,154
Other Grants and Contributions	-3,711,600	-4,133,800	-4,187,381	-53,581	-53,581
Recharges	-22,293,100	-20,753,300	-20,185,663	567,637	55,365
Income	-94,762,900	-95,635,500	-99,699,717	-4,064,217	743,642
TOTAL	-113,312,100	-108,058,900	-129,229,206	-21,170,306	610,371
NET REVENUE EXPENDITURE	24,740,000	24,740,000	23,652,475	-1,087,525	-1,087,525

Note the underspend of approx £1,087,000 will be transferred to Unallocated balances to balance off the Fund accounts.

The first variance column includes notional variances relating to numerous capital and pensions charges that have to be included within the relevant service areas, but they are then reversed out and so do not impact on the 'bottom-line' outturn position. The true variance column excludes these items and therefore shows the real outturn position.

		VALUE				
FACTORS INFLUENCING OUTTURN		£	£			
1	Unforeseeable windfalls or costs	(328,528)				
2	Demand led variances	(138,489)				
3	Efficiency savings	(368,555)				
4	Other service driven variances (including delays)	(659,793)				
5	Budget setting issues / errors	(63,098)				
6	Year end adjustments	524,446				
7	Minor variances	(53,507)	(1,087,524)			
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DETAILED VARIANCE BY SERVICE AREA		£	£	PRT QTR4 Projection £	C/Fwd Request £	Ongoing? £
		Adverse or (Favourable)				
Community Engagement						
4	Communications Mgt & Admin : Statutory Place Survey replaced by new community engagement approach	(20,300)		(20,300)		
4	Customer Services : Customer Insight 2nd instalment slipped into 2011/12	(4,725)		(4,700)	4,700	
4	Marketing & Promotions : Marketing, advertising and brochure distribution delays	(13,986)		(17,500)		
3	Partnerships Team : Salary savings, severance offset by restructuring reserve, retrospective grant claim	(7,798)				
4	Morecambe VIC : reduced electricity and postages	(8,903)				
4	Climate Change : vehicle telematics behind schedule	(20,098)		(20,100)	16,500	
2	Platform : Increased demand this year due to improved 'artist / audience fit'	(13,570)		(19,600)		
3	Wellbeing M&A : Postage recharges, leisure software virement and printing & stationery savings	(10,343)				
4	Arts Development / North West Arts Board : Planned projects cancelled due to other service priorities	(10,971)		(11,300)		
3	Holiday Activities / Leisure Development : Staff savings and tools and equipment savings	(13,782)		(19,400)		
2	Leisure Development : Increased admissions for educational use	(6,747)				
1	Management & Administration : Additional recovery of staff costs	(7,515)				
3	Parks & Open Spaces : Efficiency savings across all areas	(7,359)				
5	Community Pools Hornby/Carnforth : Reduced staff costs, overtime for sickness and holiday cover	(21,687)		(15,200)		
4	Children & YP Services : Consultancy	(8,850)		(8,900)	6,000	
4	Salt Ayre Sports Centre : Net staff savings, energy savings, delayed spend and reduced income	(54,297)		(42,700)	30,000	
3	Williamson Park - overall net efficiency savings and increased demand	(12,090)		(37,500)		
7	Minor Variances	(17,859)	(260,880)	(8,200)		
Corporate Accounts						
3	Corporate Expenses - mainly savings on Ctax leaflet by using "Your District Council Matters"	(18,466)				(10,000)
1	Corporate Income : VAT reclaimed from HMRC of £210K less fees of £40K	(170,253)		(100,000)		
1	Luneside East : Energy costs and new security contract.	6,922		5,400		
1	Other Government Grants: 3rd instalment of New Burdens Grant and slight increase to Area Based Grant	(19,710)			12,700	
6	Additional contribution to insurance provision	153,378				
6	Increased HRA contribution to insurance provision	(34,000)				
6	Additional contribution to capital support reserve	350,000				
4	Net Direct Revenue Financing - delayed capital schemes	(41,582)	226,288		26,500	
Environmental Services						
4	Mgt & Admin : Overtime and training savings, car lease & variable recharge savings	(17,180)		(10,000)		
2	Vehicles : Procurement and Repair & Maintenance savings less additional fuel costs	(108,480)		(32,700)		
3	Vehicle Maintenance : Savings on overtime, R&M, equipment & plant and licenses	(17,327)				
3	Three Stream Waste : Employees, equipment procurement and supplies & services savings	(144,928)		(121,000)	94,000	
2	Trade Refuse Income (impact of recession)	26,896		33,000		30,000
4	Grounds Maintenance : Employees and supplies & services savings, plus additional parks income	(26,098)				
4	Public Conveniences : Increased vandalism and difficulties predicting utilities post review	18,129				
4	Public Conveniences : Demolition delays	(8,660)		(8,700)	8,700	
4	Street Cleaning : Equipment & tools (delay in purchasing equipment)	(8,759)		(8,600)	4,400	
7	Other Minor Variances	14,291	(272,116)			
Financial Services						
4	Financial Services - Software savings	(10,289)				
3	Financial Services : Employees leaving pension scheme, timing of retirements and trainee costs	(11,171)				
3	Other supplies and services: Reduction in printing/photocopying and VAT consultancy charges	(9,050)				
5	Audit Fees: recharge out of grant audit costs and corrections to charging from 2009-10	(17,646)				
6	HRA Charges (Item8): Reduced recharge due to lower consolidated rate of interest	55,068				
2	Interest And Investment Income (GF): Better investment performance than anticipated	(16,349)				
2	Benefits Subsidy	19,852				
2	Council Tax : Legal Costs Recovered - less summonses issued than anticipated	53,831				50,000
2	NNDR : Legal Costs Recovered - more summonses issued	(6,936)				(7,000)
3	Benefits : Staff Savings and reduced printing & stationary spend	(12,726)				
7	Minor Variances	6,540	51,123			(4,000)
Governance Services						
3	Legal : Books and Periodicals; on-going review including potential transfer to online method	(16,053)		(16,000)		?
1	Legal : Additional Fee Income due to several successful litigation cases Feb/March	(9,738)		(8,600)		
1	Search Fee Income : Unexpected increase in Full Searches requested	(52,142)		(17,300)		
3	Electoral Registration : Reduction in postage/delivery/equipment costs	(15,889)		(18,500)		
1	Democratic Services : Staff Savings	(9,458)		(7,300)		
3	Members Services : Saving on non-replacement of Chauffeur	(5,689)		(5,700)		
4	Human Resources : delays in Corporate Training programme due to maternity leave	(11,013)		(11,000)	11,000	
4	Licensing : Taxi Fees & Charges; Change to 6 monthly Licences	17,805		16,100		
4	Licensing : Taxi Stands; works to be completed	(6,800)			6,800	
2	Minor variances	(18,737)	(127,714)			
Health & Housing Services						
2	Private Rented Sector Activity : Lancaster University increased demand for properties leading to an increase in HMO licenses/fees.	(11,625)		(10,500)		

DETAILED VARIANCE BY SERVICE AREA

	£	£	PRT QTR4 Projection £	C/Fwd Request £	Ongoing? £
		Adverse or (Favourable)			
4 Handyman Scheme : Severance payment not required as contract extended to March 2012	(13,600)		(13,600)		
2 Pest Control : Increase in treatments and rodent proofing products	(10,664)		(5,100)		
3 Environmental Protection, Pest control - Operational changes / restructuring	(6,975)				
7 Miscellaneous Items	(19,690)	(62,554)			
Information Services					
4 Staffing : Savings due to Voluntary Redundancy/Non Replacement and Reduced Hours	(22,679)		(23,500)		
3 Equipment/Network Updates and Maintenance	(30,865)		(21,800)		
2 Prints & Plans Income : No longer recharged	5,200	(48,344)			5,200
Office of the Chief Executive					
2 Chief Executive & Support : Service training, car allowances, supplies & services	(4,403)	(4,403)			
Property Services					
4 Utilities : contract savings	(63,343)		(63,700)		
2 Additional building repairs arising through additional unforeseen works across various buildings	16,474		31,000		
3 Charter Market : Additional rental income from stalls	(5,569)				
3 Municipal Building : Staffing and supplies & services underspend	(9,092)				
2 Municipal Building : Energy certificates (dependant on sale and rent of properties)/room hire	(11,700)		(7,400)		
3 Lancaster Town Hall : Water (water saving devices installed) and trade refuse savings	(6,793)				
4 Palatine Hall : Water and trade refuse savings following hand over to County, plus additional rental income	(26,755)				
2 Services relocation costs : Additional building works	10,478		10,500		
1 7 Cheapside : Rental income - tenants occupied for longer than expected	(26,082)		(26,100)		
5 City Lab : Net additional rental income	(10,278)				
2 City Lab : Water services / telephones / rental income / reserve adjustment	(9,272)				
1 Misc Land : Rental income - de minimus capital receipts re sale of land and grazing rights rent	(6,386)				
2 Commercial Properties : Service charges and rental income	(19,882)		18,000		
1 Parking Team M&A : one off additional staff time spent on introduction of new zones	(30,684)				
2 Off street car parking : reduced premises costs, supplies & services / increased fees & fine income	(25,354)		(10,700)		
2 Concessionary Travel : Main scheme, travel pass, sales	(12,115)		(20,000)		
1 Concessionary Travel : Community transport re change of service provider	17,609		17,000		
7 Miscellaneous Items	(30,984)	(249,728)			
Regeneration & Policy					
2 Building Control M&A : Car Leases/Allowances, Office Equipment, Salaries, Training, low applications	(11,896)		(15,200)		
2 Building Regulations : Fees - low applications	64,098		62,100		40,000
3 Regeneration & Projects Team : Salary Savings on vacant post	(12,158)				
4 Local Development Framework : Services, sales & general income - delayed spend	(25,050)		(24,700)	17,100	
4 Morecambe Area Action Plan : Consultancy / Feasibility Study delayed	(37,894)		(37,900)	37,400	
5 Planning, Housing & Policy : Salaries - 8 week temp post budgeted for full year	(9,100)				
4 Planning, Housing & Policy : Research, Office Equipment, Subsistence	(5,487)				
4 Regeneration & Policy M&A : LEP subscriptions - delays in alternative partnership arrangements	(13,869)				?
2 Regeneration & Policy M&A : Consultancy savings	(8,477)				
1 Planning Delivery : Computer equipment - savings on system upgrade	(5,633)				
4 Coast Protection & Land Drainage Team : Office Equipment, Transport, Salaries	(8,200)				
1 Coast Protection & Land Drainage Team : Capital Staff Salaries	(15,457)				
4 Sea Defence Works : R&M Sea & River/Promenade works underway but not complete by end of March	(82,840)		(69,000)	39,000	
4 Bridge Maintenance : R&M expenditure slippage to support capital works on Denny Beck Bridge	(9,322)		(9,300)		
4 Public Realm R&M General : delays in planned work due to staff sickness	(34,171)		(34,500)	34,200	
5 Christmas Decoration : Electricity (budget error), Services underspend	(4,387)				
4 Townscape Heritage : Lancaster & Morecambe BID Development	(80,006)		(80,000)	80,000	
2 Development Control : Services - reduced Consultants and Legal Costs / Application Fees shortfall	(9,175)		10,100		
2 Planning Advice & Control : Staff turnover / Car allowances / Advertising / Office equip / Reduced applications	(24,367)				
7 Miscellaneous Items	(5,805)	(339,196)			
TOTAL NET UNDERSPEND			(1,087,524)	(860,600)	429,000
Total Provisional Carry Forward Requests			429,000		
TOTAL NET UNDERSPEND, ASSUMING ALL CARRY FORWARD REQUESTS APPROVED			(658,524)		104,200

PROVISIONS AND RESERVES STATEMENT : For consideration by Cabinet 26 July 2011

PROVISIONS

	31/03/10	Contributions to Provision	Contributions from Provision	31/03/11	Contributions to Provision	Contributions from Provision	31/03/12
	£	£	£	£	£	£	£
B&D Debts-General Fund	370,846	100,000	-37,658	433,188			433,188
Derelict Land Clawback	56,932			56,932		-56,932	0
Insurance Excess	273,417	315,990	-258,630	330,777			330,777
Provision for Stock Write Off	24,708			24,708			24,708
Williamson Park	100,000			100,000		-52,300	47,700
TOTAL	825,903	415,990	-296,288	945,605	0	-109,232	836,373

RESERVES

	31/03/10	Contributions to Reserve	Contributions from Reserve	31/03/11	Contributions to Reserve	Contributions from Reserve	31/03/12	Contributions to Reserve	Contributions from Reserve	31/03/13	Contributions to Reserve	Contributions from Reserve	31/03/14
	£	£	£	£	£	£	£	£	£	£	£	£	£
CAPITAL RESERVES													
Capital Support	507,000	615,000	-584,286	537,714		-237,000	300,714			300,714			300,714
Marsh Capital	47,677			47,677			47,677			47,677			47,677
REVENUE RESERVES													
Allotment Improvements	5,305		-5,305	0			0			0			0
Building Regulation Account	0			0			0			0			0
Business Continuity	17,199			17,199			17,199			17,199			17,199
City Lab	53,011		-16,319	36,692	35,700		72,392	36,700		109,092	31,900		140,992
Community Cohesion	14,000		-14,000	0			0			0			0
Concessionary Travel	100,000		-30,000	70,000		-70,000	0			0			0
Connecting Communities	58,000		-28,182	29,818			29,818			29,818			29,818
Every Child Matters	20,000		-8,687	11,313			11,313			11,313			11,313
HMO Registration Fees	20,785		-20,785	0			0			0			0
Invest to Save	0			0	1,436,500		1,436,500	325,500		1,762,000			1,762,000
Job Evaluation	610,797		-272,700	338,097	50,000	-285,200	102,897		-49,000	53,897			53,897
Impairment Reserve	1,363,493			1,363,493			1,363,493			1,363,493			1,363,493
Lancaster Market	0	139,537		139,537			139,537			139,537			139,537
Performance Reward Grant	239,192	84,500	-14,969	308,723		-15,000	293,723			293,723			293,723
Planning Delivery Grant	89,682		-42,776	46,906		-26,300	20,606		-5,500	15,106			15,106
Priv.Hsg-Rental Deposit Guarantee	2,000		-2,000	0			0			0			0
Project Implementation	88,633		-88,633	0			0			0			0
Restructuring	673,800	697,700	-705,479	666,021		-226,200	439,821			439,821			439,821
Revenues and Benefits	48,000	75,268	-48,000	75,268			75,268			75,268			75,268
Revenue Support	800,000		-800,000	0			0			0			0
Risk Management	15,983	10,000		25,983			25,983			25,983			25,983
Vacant Shops Fund	52,631		-22,632	29,999	18,000		47,999			47,999			47,999
MAINTENANCE / RENEWALS RESERVES													
Graves Maintenance	22,201			22,201			22,201			22,201			22,201
Municipal Buildings	0	300,000		300,000			300,000			300,000			300,000
Open Spaces Commuted Sums	215,953	37,500	-61,113	192,340		-58,800	133,540		-40,200	93,340		-40,200	53,140
Other Commuted Sums	1,155,315	410,100	-212,202	1,353,213		-250,000	1,103,213			1,103,213			1,103,213
Renewals (all services)	258,755	102,000	-160,953	199,802	119,000	-104,000	214,802	119,000	-104,000	229,802	69,000	-104,000	194,802
TOTAL	6,479,412	2,471,605	-3,139,021	5,811,996	1,659,200	-1,272,500	6,198,696	481,200	-198,700	6,481,196	100,900	-144,200	6,437,896
General Fund Unallocated Reserve	1,244,713	2,534,626	-105,300	3,674,039		-1,261,000	2,413,039		-325,500	2,087,539			2,087,539
Unallocated Government Grants - Capital (PRG)	323,723			323,723			323,723			323,723			323,723

CONTROLLABLE OVERSPENDS GREATER THAN £5,000
For Consideration by Cabinet 26 July 2011

SERVICE	DETAILS	BUDGET	ACTUAL	OVERSPEND	EXPLANATION / ACTION
Community Engagement	Salt Ayre Sports Centre	£ -756,300	£ -675,264	£ 81,036	Income from fees and charges were down last year, however compensating savings were made on other controllable budgets and there was an overall underspend of £54K - No further action is recommended.
Environmental Services	Public Conveniences	11,000	20,966	9,966	Increased vandalism at Lancaster Bus Station resulted in more repairs. As the nature of the overspend is not controllable no further action is recommended.
	Public Conveniences	5,200	13,091	7,891	Difficulties in predicting useage following Parish Toilet Review, therefore no further action recommended.
	Public Conveniences	19,800	25,490	5,690	The overspend has resulted from a new surface water charge therefore no further action is recommended.
	Vehicles	325,200	334,315	9,115	Rising cost of fuel has increased beyond expectation, however as there has been an overall underspend on vehicles no further action is recommended.
	Trade Refuse	-952,000	-917,992	34,008	There has been a general reduction in demand which reflects the recession and will no doubt continue into 2011/12. As a result, and as the service was underspent overall, no further action is recommended.
Property Services	Service relocation costs	58,000	68,478	10,478	The cost of relocating services resulting from the vacation of Palatine Hall was greater than anticipated due to additional works being required. As this was a one off project and the service was underspent overall no further action is recommended.
Regeneration and Policy	Municipal Buildings	596,900	613,374	16,474	Additional unforeseen works required, however as the services was underspent overall no further action is recommended.
	Building Regulations	-225,000	-161,660	63,340	Reduced application numbers due to economy and increased local competition with in depth knowledge of local builders etc. The new charging regime was introduced in Oct 2010 and has completely changed how the Building Control charges are calculated. The scheme is still bedding in and has effectively increased the cost of applications for small scale domestic works and decreased the charges for major applications. Any deficit on the Building Control account is already built into the charging review and is planned to be recovered over the next three years in line with the requirement to break even over that period. As a result no further action is recommended.
Health & Housing	Council Housing Planned Maintenance	43,000	58,254	15,254	Appletree Close car parking works were due to complete early 2011/12 but were actually completed ahead of schedule in 2010/11. As there will be a compensating saving in 2011/12 no further action is recommended.

2010/11 REQUESTS FOR CARRY FORWARD

For consideration by Cabinet on 26 July 2011

General Fund

Number	Service	Budget	Carry Forward Request	
			£	
Requests in line with original budget purpose				
1	Community Engagement	Customer Insight	4,700	
2	Community Engagement	Climate Change - vehicle telematics	16,500	FC
3	Community Engagement	Salt Ayre Sports Centre - maintenance	30,000	FC
4	Regeneration & Policy	Local Development Framework - Special Burdens	12,700	FC
5	Corporate	Revenue financing of capital schemes	26,500	FC
6	Environmental Services	Public Conveniences - Demolition	8,700	
7	Environmental Services	Street Cleaning - equipment	4,400	
8	Governance	Corporate Training	11,000	FC
9	Governance	Taxi stands	6,800	
10	Regeneration & Policy	Local Development Framework - Special Burdens	17,100	FC
11	Regeneration & Policy	Morecambe Area Action Plan	37,400	FC
12	Regeneration & Policy	Sea Defence Works - repair and maintenance	39,000	FC
13	Regeneration & Policy	Lancaster Square Routes - BID feasibility study	40,000	FC
14	Regeneration & Policy	Morecambe TH12 - BID feasibility study	40,000	FC
Requests to change use of original budget underspend				
15	Environmental Services	Communal recycling facilities	34,000	FC
16	Environmental Services	Replacement bins and boxes	60,000	FC
17	Community Engagement	Children & Young People - Training & Start Up Costs	6,000	
18	Regeneration & Policy	New Cycle Paths & Bike It Project	34,200	FC
			429,000	

Housing Revenue Account

Requests in line with original budget purpose				
19	Health & Housing	Planned Maintenance	30,000	FC
			30,000	

"FC" denotes Full Council approval also required, if the requests are approved in full by Cabinet.

Further details relating to each request are attached.....

2010/11 REQUESTS FOR CARRY FORWARD

SERVICE	Community Engagement
BUDGET HEADING	Customer Services - Customer Insight
AMOUNT	£4,700

1

The reasons why the spend didn't occur during 2010/11 and why we are still committed to doing this work in 2011/12.

Customer research was commissioned in 2010/11. The total spend has been committed but is payable in two instalments. The first instalment was payable in 2010/11, however the second instalment is not payable until the completion of all research which will not be until early in 2011/12.

What the implications for service delivery will be if the carry forward is not approved.

If the carry forward is not approved then the cost will need to be met from another budget as the spend is already contractually committed, however there are no available budgets from which to fund the outstanding payment at this time.

Financial Services Comments

The 2010/11 revenue budget contained a sum of £9,200 for Customer Insight. As the work was not completed in 2010/11 there was an underspend of £4,700 against this budget. The request can therefore be met from the underspend.

2010/11 REQUESTS FOR CARRY FORWARD

SERVICE	Community Engagement – Partnerships
BUDGET HEADING	Climate Change
AMOUNT	£16,500

2

The reasons why the spend didn't occur during 2010/11 and why we are still committed to doing this work in 2011/12.

The funding is to install vehicle telematics for our commercial fleet of small vans as part of the Climate Change Strategy and Energy Saving Trust Green Fleet Review. The project was planned in 2010/11 but the software was unable to be procured in that year due to the need to gather data from a trial system. In addition, there was further delay due to the YPO setting up a procurement framework for tendering the project, which will hopefully reduce the overall cost. The framework was only finalised in February 2011 and procurement was unable to take place before the end of the financial year.

We are still committed to the project as an action in our Climate Change Strategy and through the delivery of our corporate priority on climate change; to save energy and generate income.

What the implications for service delivery will be if the carry forward is not approved.

Without procuring telematics for our commercial fleet of small vans we will not be able to effectively monitor mileage, fuel use and journey efficiency. Without telematics, the Council would lose out on vital carbon, fuel and money savings in this area.

There is no scope to fund telematics from 2011/12 as the budget is already earmarked for delivery of other projects under the Climate Change Strategy.

Financial Services Comments

There was a total underspend of £19,600 during 2010/11 for this area for the reasons stated above. The request is only for £16,500 as a result of benefitting from YPO procurement. As the request is in excess of £10,000 then Full Council approval will be required.

2010/11 REQUESTS FOR CARRY FORWARD

SERVICE	Community Engagement
BUDGET HEADING	Wellbeing (Salt Ayre Sports Centre) Equipment and Maintenance
AMOUNT	£30,000

3

The reasons why the spend didn't occur during 2010/11 and why we are still committed to doing this work in 2011/12.

As a result of the ongoing savings requirement for 2010/11 and the additional £22,700 savings roll forward from the previous year, spending in these areas was held to an absolute minimum.

The rolling programme of planned maintenance was suspended pending the savings outcome. Equipment that would have been routinely replaced last year was held over in case of a shortfall in the savings required. Expenditure on routine maintenance such as painting and decorating, replacement of worn flooring and repairs to the fabric of the building were all held back in order to ensure the savings target would be met.

What the implications for service delivery will be if the carry forward is not approved.

There is now a backlog of general maintenance works. The carry forward request is to ensure the general maintenance can be brought back up to date and replacement equipment can be purchased. This avoids a negative 'knock on' impact to the current year's plan.

If this request is refused, it will have a detrimental effect on the customer experience. In order to secure future income, the sports centre must be well maintained and well equipped.

Costs are likely to escalate further if this carry forward is not approved. Scheduled repairs in the annual maintenance plan that were postponed will cause a further slip into future budgets. This delay will also accelerate the downward spiral of decline which will be more expensive to address if not carried out in a timely manner.

In the current economic climate contractors are willing to respond well and price competitively for this type of work.

The cost of replacement equipment rises every year so the delay in replacing equipment causes a double negative. On the one hand service deteriorates and on the other renewal costs increase each year. Both factors ultimately influence income negatively.

Financial Services Comments

The combined underspend on equipment and maintenance budgets at outturn was £47,100 which covers this carry forward request.

A full breakdown of routine and planned maintenance and R&M for SASC can be provided if required.

As the request is in excess of £10,000 then Full Council approval will be required.

2010/11 REQUESTS FOR CARRY FORWARD

SERVICE	Regeneration & Policy Service
BUDGET HEADING	Local Development Framework – Special Burdens Grant
AMOUNT	£12,700

4

The reasons why the spend didn't occur during 2010/11 and why we are still committed to doing this work in 2011/12.

Spending has been delayed due to progress on LDF being behind schedule. We now have a new Local Development Scheme and are on track to complete most of the work during 2011/12 with a smaller element of work due in 2012/13.

The main call on money is formal sustainability appraisal and habitats regulations screening of LDF documents, most of which will take place in 2011/12. Therefore, the budget needs to be slipped into 2011/12.

The request is to carry forward the grant monies received and use them to fund consultancy work on the LDF which will need to be split between the years 2011/12 and 2012/13 at half year budget revision to reflect the current LDF programme.

What the implications for service delivery will be if the carry forward is not approved.

The work covered by the money is mandatory given the European nature designations in the area. If the money is not rolled forward, it will still have to be paid from mainstream budgets.

Financial Services Comments

A carry forward of £28,200 into 2010/11 for special burdens was approved as part of the 2009/10 outturn, of which £24,300 has subsequently been reprofiled into 2011/12 as part of the recent budget process. The request is for an element of the third and final allocation of £16,800, which was received in March 2011, to be carried forward on the basis of £5,100 for 2011/12 and £7,600 for 2012/13.

It should be noted that the planning for climate change grant is not a ringfenced grant.

As the request is in excess of £10,000 then Full Council approval will be required.

2010/11 REQUESTS FOR CARRY FORWARD

SERVICE	Corporate
BUDGET HEADING	Direct Revenue Financing
AMOUNT	£26,500

5

The reasons why the spend didn't occur during 2010/11 and why we are still committed to doing this work in 2011/12.

The carry forward request relates to the revenue financing of two capital schemes which have been completed:

Performance Management system - £17,000

Hala playground - £8,500

Officers are currently in the process of selecting a performance management system, although no procurement has yet taken place, whereas the Hala playground works are currently ongoing.

What the implications for service delivery will be if the carry forward is not approved.

If the carry forward of funding for performance management system was not approved then it is likely the purchase of the new system would not go ahead as there are no other funds identified. This would mean the council would not benefit from the streamlining of processes and reporting in respect of programme management and operational performance management that a new system could bring.

In terms of Hala playground other funding would need to be identified from within Environmental Services budgets as the scheme is currently underway.

Financial Services Comments

The carry forward request is for the full underspend on the revenue financing budget and relates to specific schemes within the capital programme.

As the request is in excess of £10,000 then Full Council approval will be required.

2010/11 REQUESTS FOR CARRY FORWARD

SERVICE	Environmental Services
BUDGET HEADING	Public Conveniences – Demolition
AMOUNT	£8,700

6

The reasons why the spend didn't occur during 2010/11 and why we are still committed to doing this work in 2011/12.

Three toilet blocks were identified for demolition in 2010/11. The contractor was unable to carry out the work before March 2011. The toilet blocks have since had asbestos surveys prior to their demolition and one of the blocks has already been demolished.

What the implications for service delivery will be if the carry forward is not approved.

As stated above, part of the work has been completed and the rest will be done in due course. There is no budgetary provision within 2011/12 for the works, therefore should the request not be approved the budget will be overspent or service savings will have to be identified to cover the remaining cost.

Financial Services Comments

Following the 2010/11 revised budget exercise, savings were identified within public conveniences and an amount of £10,000 was included to demolish the three toilet blocks. However, the works were not completed within the latter part of the financial year and the budget was subsequently underspent by the requested amount. It is therefore requested that this amount is carried forward to 2011/12.

2010/11 REQUESTS FOR CARRY FORWARD

SERVICE	Environmental Services
BUDGET HEADING	Street Cleaning Equipment
AMOUNT	£4,400

7

The reasons why the spend didn't occur during 2010/11 and why we are still committed to doing this work in 2011/12.

Street Cleaning equipment totalling £4,400 was ordered in March 2011. Due to delays by the suppliers, the equipment was not received until early April and therefore the cost of the equipment has fallen into 2011/12.

What the implications for service delivery will be if the carry forward is not approved.

As stated above, the equipment has been received and paid for. Although there is budgetary provision within 2011/12, it is for items of a similar nature and all this years budget has been allocated. Failure to approve the carry forward would result in a likely overspend within 2011/12

Financial Services Comments

The 2010/11 budget includes an amount of £28,200 for street cleaning equipment and was underspent by £8,800. The requested amount is within this amount and is therefore requested to be carried forward.

2010/11 REQUESTS FOR CARRY FORWARD

SERVICE	Human Resources - Governance
BUDGET HEADING	Corporate Training
AMOUNT	£11,000

8

The reasons why the spend didn't occur during 2010/11 and why we are still committed to doing this work in 2011/12.

The spend did not occur in 2010/11 due to three main factors:-

1. Due to the availability of the Management Team towards the end 2010 and the early part of 2011, the development programme and coaching support commenced later than expected. Therefore there is a slippage in the events into 2011/12.
2. A set of Health & Safety (H&S) training events were delayed due to the availability of staff and the training provider. The corporate programme has therefore been reprogrammed in 2011/12 to ensure we meet our statutory obligation in relation to H&S Management.
3. The management training for operational managers has been re-defined, however the pilot programme was delayed to ensure staff identified for the training could attend all three phases. The post programme review was therefore delayed which has led to elements of the training, that would have taken place in 2010/11, being moved into 2011/12. This programme of "Management Essentials" is critical in the development of core competencies/behaviours across various levels of management. This action is seen as a key component in the objective to lever change in management practice across the organisation.

What the implications for service delivery will be if the carry forward is not approved.

The objectives within the three areas above will have to be changed, with a lower level of outcome being achieved.

Each of the above activities is seen as real catalyst for change. Failure to address these areas within 2011 will leave the Council short of its desired outcomes in relation to H & S competence and general management knowledge/practice.

Financial Services Comments

The Corporate Training budget for 2010/11 was increased as part of the budget process to include an additional £9,000 towards Management Development training taking the budget to £41,000. Due to the reasons listed above there was an underspend of £11,000 and it is requested that this balance is carried forward to 2011/12. As the request is in excess of £10,000 then Full Council approval will be required.

2010/11 REQUESTS FOR CARRY FORWARD

SERVICE	Governance Services
BUDGET HEADING	Hackney Carriages
AMOUNT	£6,800

9

The reasons why the spend didn't occur during 2010/11 and why we are still committed to doing this work in 2011/12.

The amount is committed to works being carried out on new taxi ranks which were not completed by the end of the financial year.

What the implications for service delivery will be if the carry forward is not approved.

As stated above the work has been done, and the money is committed and the works will be completed early in 2011/12. There is no budget in 2011/12 for the works.

Financial Services Comments

There was a budget of £6,800 in 2010/11 and this was fully committed for the works to the taxi ranks. However as the works have not been completed there was an underspend and it is requested that this amount is carried forward to 2011/12.

2010/11 REQUESTS FOR CARRY FORWARD

SERVICE	Regeneration & Policy Service
BUDGET HEADING	Local Development Framework - General Services
AMOUNT	£17,100

10

The reasons why the spend didn't occur during 2010/11 and why we are still committed to doing this work in 2011/12.

The budget relates to work on monitoring and preparing the policies for the Districts Local Development Framework. The Council is currently preparing three Development Plan Documents (DPD), along with undertaking to monitor the various areas the Framework covers such as Housing Need and preparing and producing formal Proposal Maps. These three documents are:

- Land Allocations,
- Development Management Policies
- Morecambe Area Action Plan

The budget needs to be carried forward to align with the current timetable for the development and adoption of these DPDs as per the revised Local Development Scheme.

What the implications for service delivery will be if the carry forward is not approved.

The Service would not be able to produce sound Development Plan Documents or undertake the statutory steps to maintain the Local Development Framework.

Financial Services Comments

There was a total underspend of £20,500 on this budget at the year end which covers this carry forward request.

As the request is in excess of £10,000 then Full Council approval will be required.

2010/11 REQUESTS FOR CARRY FORWARD

SERVICE	Regeneration & Policy Service
BUDGET HEADING	Morecambe Area Action Plan
AMOUNT	£37,400

11

The reasons why the spend didn't occur during 2010/11 and why we are still committed to doing this work in 2011/12.

The budget relates to the preparation of the Development Plan Documents (DPD) Area Action Plan for the Centre of Morecambe, associated feasibility work and any engagement the council might undertake separately as land owner with the development industry. The plan is being developed in tandem with other DPD's as per the revised Local Development Scheme.

Plan Making Budget Carry Forward £19,100

Officers have been involved in extensive community engagement as part of the issues and options stage work. Due to the iterative nature of this work it is difficult to programme. The main focus has been to engage fully and thoroughly with the community which has taken longer than anticipated. Work is now at an advanced stage with officers preparing a report to outline preferred options for public consultation in the autumn. The budget needs to be carried forward to align with the current timetable for the development and adoption of the DPD as per the revised Local Development Scheme.

Developer Engagement Carry Forward £10,000

This budget relates to the separate activity of engagement and potential procurement of development partner(s) to deliver the Area Action Plan. The plan making timetable has seen some delays in the spending for this area.. Once the plan reaches a position where the council can engage with the development industry, the budget will be required to procure the necessary legal and technical advice to assist the council in the engagement process. The carried forward will align with budgets with the current timetable.

Feasibility Studies Carry Forward £8,300

Spend in 2010/11 related solely to the undertaking of a feasibility study into the potential for a marina in the area. As plans for other areas develop and options for other sites are considered further feasibility studies for other forms of development will need to be undertaken. The carry forward will align with budgets with the current timetable.

What the implications for service delivery will be if the carry forward is not approved.

The Service would not be able to undertake the necessary work to ensure a viable, sustainable and sound DPD was prepared for public examination.

Financial Services Comments

The carry forward requests are for the full value of the underspends in all three areas at 2010/11 outturn. Whilst they could be taken individually all three elements are integral to the delivery of the Morecambe Area Action Plan and have therefore been combined into one request.

As the request is in excess of £10,000 then Full Council approval will be required.

2010/11 REQUESTS FOR CARRY FORWARD

SERVICE	Regeneration & Policy Service
BUDGET HEADING	Sea Defence Works : Repair & Maintenance
AMOUNT	£39,000

12

The reasons why the spend didn't occur during 2010/11 and why we are still committed to doing this work in 2011/12.

The City Council has a duty of care to users of Morecambe Promenade to provide a safe pedestrian and cycling environment. The promenade seafront railings are in some areas over 100 years old and have over the years deteriorated beyond their serviceable life and now fall short of current safety standards in respect of the spacing and height of rails and are therefore in need of wholesale replacement.

The Environmental Management team has been replacing the posts and rails, either as part of major coastal defence projects or through the R&M budget, on a phased programme of work in order to spread the cost over a number of years. Works due to be carried out in 2010/11 between Thornton Road and Broadway were delayed, initially in part to staff shortages through prolonged sickness absence, other priorities and due to an unexpected lengthy lead in time for the manufacture and supply of the posts which has led to the works moving into 2011/12.

The outstanding posts are currently on order with delivery expected soon, works to install the posts and rails will commence shortly thereafter.

The request is to carry forward £39,000 to pay for the supply of posts for the next phase of promenade railing replacement.

What the implications for service delivery will be if the carry forward is not approved.

Failure to comply with current design standards and meet expectations in terms of providing a safe environment.

A further final phase of railing replacement, between Scalestones point and Teal Bay, is due to be carried out alongside that which has been delayed during 2011/12 - this would be compromised and further delayed, with potentially increased costs, should the carry forward be refused.

Other commitments throughout 2011/12 may also be compromised.

Financial Services Comments

Long term sickness in the Environmental Management Team greatly affected the teams ability to complete all intended works during 2010/11, resulting in underspends across several different areas. In addition to this the manufacturing problems mentioned above created further delays with the sea defence works.

If the carry forward request is not approved the purchase of the remaining posts and rails can be funded from the 2011/12 budget but the resulting delays to other works planned for 2011/12, and subsequently future years works, could increase costs if defences deteriorate further or prices increase. The total underspend on this budget was £76,400 in 2010/11 but only £39,000 of this would need to be carried forward to complete the outstanding works.

As the request is greater than £10,000 then Full Council approval will be required.

2010/11 REQUESTS FOR CARRY FORWARD

SERVICE	Regeneration & Policy Service
BUDGET HEADING	Lancaster Square Routes
AMOUNT	£40,000

13

The reasons why the spend didn't occur during 2010/11 and why we are still committed to doing this work in 2011/12.

October 2010 Cabinet approved £40,000 to investigate the feasibility and, if appropriate, subsequent development of a BID for Lancaster. Officers are in discussion with the Lancaster Chamber of Trade and Commerce on the arrangements for leading the work. This will probably involve using support from the North West Lancashire Chamber of Commerce who were responsible for the BID proposal development, ballot administration and service delivery for the Preston BID.

The Council will draw up a Service Level Agreement with the Chamber to enable them to access the money and for the Council to ensure that the budget is spent in a proper and timely manner.

A BID is governed by statutory procedure and the initial BID proposal development will require considerable work to be undertaken in the 2011/2012 financial year. Therefore it is requested that this budget to be carried forward to reflect the current workplan and timetable.

What the implications for service delivery will be if the carry forward is not approved.

Work into the feasibility of a Business Improvement District in Lancaster would not be able to be undertaken. This would create reputational damage for the council given its commitment to support BIDs. It was not possible to spend the money in the 2010/11 financial year but the majority of funds allocated will be spent in 2011/12.

Financial Services Comments

Delays have meant that this budget could not be spent in 2010/11. There is no further budget for the BID Feasibility Study in 2011/12, therefore if this carry forward request is not approved the study will not take place.

A separate carry forwards request has been submitted for the Morecambe BID.

As the request is in excess of £10,000 then Full Council approval will be required.

2010/11 REQUESTS FOR CARRY FORWARD

SERVICE	Regeneration & Policy Service
BUDGET HEADING	Morecambe Townscape Heritage Initiative 2
AMOUNT	£40,000

14

The reasons why the spend didn't occur during 2010/11 and why we are still committed to doing this work in 2011/12.

October 2010 Cabinet approved £40,000 to investigate the feasibility and, if appropriate, subsequent development of a BID for Morecambe. The discussion into the development of a Business Improvement District Proposal in Morecambe is on-going between the Lancaster District Chamber and the local Morecambe trade associations.

Once agreement has been reached on who will lead the work a Service Level Agreement will be entered into between the Council and the BID proposer (the lead body who will carry out the work) to ensure that the budget is utilised in a proper and timely manner.

A BID is governed by statutory procedure and the initial BID proposal development will require considerable work to be undertaken in the 2011/12 financial year. Therefore it is requested that this budget be carried forward to reflect the current workplan timetable.

What the implications for service delivery will be if the carry forward is not approved.

Work into the feasibility of a Business Improvement District in Morecambe would not be able to be undertaken. This would create reputational damage for the council given its commitment to support BIDs. It was not possible to spend the money in the 2010/11 financial year but the majority of funds allocated will be spent in 2011/12.

Financial Services Comments

Delays have meant that this budget could not be spent in 2010/11. There is no further budget for the BID Feasibility Study in 2011/12, therefore if this carry forward request is not approved the study will not take place.

A separate carry forwards request has been submitted for the Lancaster BID.

As the request is in excess of £10,000 then Full Council approval will be required.

2010/11 REQUESTS FOR CARRY FORWARD

SERVICE	Environmental Services
GENERAL UNDERSPENDING ON PROPOSED USE	Three Stream Waste Collection
AMOUNT	£34,000

15

The reasons why the spend didn't occur during 2010/11 and why we are still committed to doing this work in 2011/12.

The Corporate Plan states that on the next 3 years we will 'deliver the objectives of the Lancashire Waste Strategy 2008-2020...'

In practical terms our aim is to provide an efficient waste collection / recycling service throughout our district. We are continually exploring options and methods of how we operate and deliver our collection services in the most efficient, effective and economic ways.

This policy of continual improvement has allowed us to significantly reorganise our operational practices (eg co-mingling, food waste collection). In turn the Council has benefitted by making significant ongoing financial savings in waste collection these have been built into the Council's budget. Furthermore they have been delivered ahead of schedule and this is reflected in the 2010/11 outturn position for waste collection.

This request seeks how to meet 100% coverage of our waste collection scheme- which on an ongoing basis is financially advantageous to the Council because of the County Council's cost sharing arrangement.

What the implications for service delivery will be if the carry forward is not approved.

Whilst 97% of the district is covered by kerbside recycling we need to maintain an upward momentum in line with our strategy aim to provide kerbside recycling to 100% of the district.

There are inconsistencies in frequency and method of collection throughout the district with some areas being harder to reach than others. To ensure that services are accessible to all residents' individual arrangements for properties some requiring communal recycling are being negotiated. For areas such as Mainway, communal recycling has been identified as a suitable option ensuring accessibility for all residents. This type of collection method is more expensive than the normal kerbside collection because of the containers type and hard standing required. The costs for supplying containers, communication and associated works would be approximately £34,000.

In order to reach our targets we need to maximise the amount of waste that is recycled and composted, including food waste.

Lancashire County Council provides financial support in the form of cost sharing. Continuing our programme of kerbside recycling will provide us with £11,022 per annum of additional income. This one off request should therefore be seen as an

2010/11 REQUESTS FOR CARRY FORWARD

invest to save initiative.

By providing Mainway with recycling facilities we will reduce the frequency of residual collection from 4 to 3 times a fortnight. Achieve a minimum of 12% recycling rate for dry recyclables. Achieve a minimum 10% reduction of residual waste helping us to achieve our NI 192 Household Waste Reuse/ Recycle / Compost target of 48% for 2011/12.

Financial Services Comments

In 2010/11 the waste collection service was underspent by £145,000 through efficiency savings and unforeseeable windfalls. As detailed in the report, £34,000 is required for extending the scheme to include hard to reach areas, including Mainway. By doing this work, the grant we receive from Lancashire County Council in respect of cost sharing arrangements is estimated to increase by £11,000. Therefore, by investing in this scheme, the payback period of the initial outlay is 3 years and 2 months.

However, it should be noted that the request is not in respect of a specific budget commitment but seeks to apply an element of the underspend for a new scheme.

As the request is in excess of £10,000 then Full Council approval will be required.

2010/11 REQUESTS FOR CARRY FORWARD

SERVICE	Environmental Services
GENERAL UNDERSPENDING ON PROPOSED USE	Three Stream Waste Collection
AMOUNT	Replacement Bins and Boxes
	£60,000

16

The reasons why the spend didn't occur during 2010/11 and why we are still committed to doing this work in 2011/12.

The Corporate Plan states that on the next 3 years we will 'deliver the objectives of the Lancashire Waste Strategy 2008-2020...'

In practical terms our aim is to provide an efficient waste collection / recycling service throughout our district. We are continually exploring options and methods of how we operate and deliver our collection services in the most efficient, effective and economic ways.

This policy of continual improvement has allowed us to significantly reorganise our operational practices (eg co-mingling, food waste collection). In turn the Council has benefitted by making significant ongoing financial savings in waste collection these have been built into the Council's budget. Furthermore they have been delivered ahead of schedule and this is reflected in the 2010/11 outturn position for waste collection.

As part of the 2010/11 budget exercise we reported to Cabinet on the issue of charging for replacement bins and boxes. The report did highlight that Council spending on replacement bins and boxes was growing faster than the available budget. Cabinet requested further updates on this issue ahead of the 2011/12 budget. This request seeks to ensure that in 2011/12 there is sufficient budget for replacement bins and boxes.

What the implications for service delivery will be if the carry forward is not approved.

The current budget does not support the number of replacement bins and boxes required to operate the three stream waste collection scheme and there is no indication that there will be a reduction in the number of replacement containers this year. Since April 2011 to date we have had 2089 requests for replacement bins and boxes compared with 1803 request for the same period last year.

The prices of plastic polymers have increased by 7%, due to the rise in oil prices.

Based on last year's figures we expect that a further £80,000 will be required to meet demand for bins and boxes in 2011/12.

Introducing a system to ration demand is difficult without a charging mechanism.

It is proposed that a further report be brought to Cabinet as part of this year's budget process to establish how we deal with this growth in future years.

2010/11 REQUESTS FOR CARRY FORWARD

Financial Services Comments

When approving the various stages of the waste strategy, a 2% provision was included for the replacement of bins and boxes – in 2010/11 6,452 bins, 7,412 boxes and approximately 8,000 lids were issued as replacements which is far in excess of the 2% provision. In previous years there have been surplus bins and boxes from the rolling-out of the waste strategy but now stocks are running at low levels. Alongside the budget (albeit with a £2,300 overspend in 10/11) this has been sufficient to deal with demand in previous years.

The 2011/12 budget includes an amount of £81,700 for replacement bins, boxes and lids. Using the latest usage and costing information available it is likely that this will be exceeded by approximately £60,000.

In 2010/11 the waste collection service was underspent by £145,000 through efficiency savings and unforeseeable windfalls. By not approving the carry forward request of £60,000 and should policy not change to introduce charging then the service will find it difficult not to continue to spend at current levels resulting in an overspent budget. Therefore a base budget adjustment will be required within the forthcoming budget process to counter-act the additional expenditure.

It should also be noted that the request is not in respect of a specific outstanding budget commitment but seeks to apply an element of the underspend for an anticipated overspend in 2011/12.

As the request is in excess of £10,000 then Full Council approval will be required.

2010/11 REQUESTS FOR CARRY FORWARD

SERVICE	Community Engagement
BUDGET HEADING	Wellbeing - Children & Young Peoples Services (CYP) : Consultancy
PROPOSED USE	CYP : Training and Start-Up Costs
AMOUNT	£6,000

17

The reasons why the spend didn't occur during 2010/11 and why we are still committed to doing this work in 2011/12.

Spend was limited as the Service was undergoing a major restructure which included ways of planning spend against this budget for future years. This situation has now been resolved and the budget is to be utilised appropriately against the new way of operating playschemes for children and young people.

The spend in 2010/11 was limited as the number of sessions, which would ordinarily be undertaken by staff within various venues which would need payment and associated equipment costs, were reduced significantly in order to build relationships further with organisations that could deliver playschemes on our behalf. This is a much more cost effective option to the council.

What the implications for service delivery will be if the carry forward is not approved.

The carry forward would be used to assist with the one off costs associated with the introduction of a new way of working. The funding will be key to reducing the associated risk with engaging new partners to deliver playschemes. It will ensure that sufficient training and provision of one off start up costs such as supply of equipment, are dealt with leaving partner organisations to pick up such costs in the future.

Should the funding not be carried forward it is more likely that the playschemes would operate in an environment which would not be as conducive to the effective development of children and young people. Similarly providing a safe environment is less likely to negatively affect the image and reputation of the council and is something that Community Engagement would like to provide.

It was anticipated that the specific children and young people training for our partners and the one off equipment purchases would have occurred in 2010/11 but delays have given rise to this carry forward request. If the request is not approved it would lead to a reduced provision for the anticipated playschemes programme in 2011/12.

Financial Services Comments

Whilst there is an underspend of £8,900 on the consultancy budget at the end of the year, the carry forward request relates to training and the provision of one off start up costs and therefore constitutes a change of use.

2010/11 REQUESTS FOR CARRY FORWARD

SERVICE	Regeneration & Policy Service
BUDGET HEADING	Public Realm Repair & Maintenance
PROPOSED USE	New Cycle Paths & Bike It Project
AMOUNT	£34,200

18

The reasons why the spend didn't occur during 2010/11 and why we are still committed to doing this work in 2011/12.

Expenditure throughout 2010/11 on the Public Realm R&M was significantly lower than expected, particularly on the TERN element of the budget - this was due in part to staff shortages through prolonged sickness absence and other priorities.

This request to carry the balance of £34,200 forward into 2011/12 is two fold.

1. The final outstanding balance of the Cycling Demonstration Town budget infrastructure element was to be spent by the end of 2010/11 - The only scheme of sufficient size to utilise the value of this funding was an extension of the cycle path along the river frontage of St Georges Quay/New Quay Road. The scheme cost however exceeded the available budget by approx £7,500 therefore this carry forward is required to defray this final expenditure, without compromising the 2011/12 R&M budget.

2. A report updating Members on the Cycling Initiatives in the Lancaster and Morecambe District is included as a separate item on the agenda including;

- i. The end of the Cycling Demonstration Town Project.
- ii. Joint working with Lancashire County Council on future cycling initiatives.
- iii. Success of a bid to Sustrans for funding for a cycling scheme from their Links to Schools budget.
- iv. Partial success in a joint project with Sustrans and Devon County Council in a themed bid to the Department for Transport's Local Sustainable Transport Fund.
- v. Proposals to extend the ongoing 'Bike It' project.

The report highlights two areas where funding from the public realm R&M budget would provide financial support to the success and delivery of two of these projects i.e.

iii. Success of a bid to Sustrans for funding for a cycling scheme from their Links to Schools budget.

A bid was put together and submitted to the Sustrans Links to Schools Fund for a cycle route scheme comprising conversion of footways on Westgate to shared use between the Globe Arena and Buckingham Road, upgrade of the existing footpath to the rear of Heysham High School to a shared use path and development and introduction of a signed on road cycle route between Heysham High School and Morecambe town centre and the Greenway. The scheme is to include the delivery of the already proposed section 106 funded scheme associated with the Globe Arena development.

A sum of £10,000 was identified from the public realm R&M budget to increase the amount of match funding that could be allocated against the project. Whilst the total match funding offered fell short of that which Sustrans normally expect, the proposed match demonstrated sufficient commitment to the aims and objectives of the project and therefore contributed to the success of the bid.

2010/11 REQUESTS FOR CARRY FORWARD

- vi. Proposals to extend the ongoing 'Bike It' project.

The Bike It project has been running alongside the Cycling Demonstration Town project since 2005 and currently employs two part time Bike It officers. The scheme has historically been part funded by Sustrans (who employ the BI officers) and external grants i.e. the CDT funding. The current round of Sustrans Bike It funding expires at the end of July 2011. Sustrans have expressed a desire and commitment to continue the Bike It project in Lancaster & Morecambe but only have sufficient funds to extend it to the end of March 2012. Sustrans have requested that Lancaster City Council provide funds equivalent to £16,700 in order to extend this period to the end of July 2012 after which it is anticipated the project will continue further with funding from the joint thematic bid to the Local Sustainable Transport fund referred to in iv. above.

The Bike It project works in up to 12 selected schools throughout the school year to promote and encourage cycling to and from the school, both staff and pupils, by delivering skills and maintenance training, carrying out events and activities and occasional financial support through grants for such things as secure cycle parking. The project has been hugely successful during the Cycling Demonstration Town project and made a considerable contribution to its success.

What the implications for service delivery will be if the carry forward is not approved.

1. The Additional funding required will have to be found from the 2011/12 R&M budget and may compromise other commitments during the year
2. By not identifying any financial commitment to either the Sustrans Links to Schools bid or the Sustrans Bike It project the offers of external grants may be withdrawn with a resultant loss in momentum in the delivery of cycling projects in the district. In the case of the Bike It project it would also result in the loss of two valued colleagues from the Service (although they are not directly employed).

Financial Services Comments

The Public Realm R&M budget covers TERN, River Lune Millennium Park and Cycle Track maintenance across the district. Long term staff sickness in the Environmental Management Team, along with less deterioration in infrastructure than anticipated, resulted in an underspend of £34,200 in 2010/11.

The majority of this carry forward request supports initiatives going forward in a Cabinet Report to build on the success of the Cycling Demonstration Town Initiative now that funding from the Dept of Transport has ended.

If the carry forwards request were not approved it is felt that the contributions of £10,000 in 2011/12 to the Links to Schools Project and £16,700 in 2012/13 could still be made but with increased pressure on the revenue budget. This could cause delays to work schedules and result in increased costs in the long term.

It should be noted that whilst it was planned for this budget to be used to support the above initiatives the request is not for repair and maintenance, for which the budget was established, and therefore this constitutes a change in use.

As the request is greater than £10,000 then Full Council approval will be required.

2010/11 REQUESTS FOR CARRY FORWARD

SERVICE	Health and Housing
BUDGET HEADING	HRA Planned Maintenance
AMOUNT	£30,000

19

The reasons why the spend didn't occur during 2010/11 and why we are still committed to doing this work in 2011/12.

Work was planned to be carried out toward the end of the financial year. However due to an increase in insurance works arising from the inclement weather conditions during the winter period the preparation of the specification for the concrete repair works was delayed. Therefore the works were unable to be carried out during 2010/11.

What the implications for service delivery will be if the carry forward is not approved.

Temporary repair work was carried out initially to prevent any health and safety implications arising. However if the work is not completed the concrete will deteriorate further and may become hazardous possibly resulting in claims against the Council for personal injuries.

Financial Services Comments

The overall net underspend on Planned Maintenance in 2010/11 was £73,000. The carry forward request can be accommodated within this.

As the request is in excess of £10,000 then full Council approval will be required.

Revised Estimate	Expenditure in 2010/11	Expenditure to be financed in 2010/11	SCHEME FINANCING					TOTAL SCHEME SPECIFIC FINANCING / ITEMS	BALANCE FINANCED BY GENERAL CAPITAL RESOURCES
			GRANT	GRANTS UNAPPLIED	EARMARKED RESERVES / PROVISIONS	SPECIFIC REVENUE FINANCING	MAJOR REPAIRS ALLOWANCE (HRA only)		
£	£	£	£	£	£	£	£	£	
GENERAL FUND									
7,224,000	6,733,303.96	6,733,303.96	3,629,714.63	-373,723.50	411,792.69	47,406.02	0.00	3,715,189.84	3,018,114.12
HOUSING REVENUE ACCOUNT									
4,274,000	4,184,631	4,184,631	1,646	0	80,541	1,283,000	2,766,911	4,132,098	52,532.87
TOTAL CAPITAL EXPENDITURE & FINANCING									
11,498,000	10,917,934.92	10,917,934.92	3,631,360.51	-373,723.50	492,333.73	1,330,406.02	2,766,911.17	7,847,287.93	3,070,646.99

2010/11 CAPITAL EXPENDITURE FINANCING	Housing Revenue Account	General Fund	Grand Total for all Funds
	£	£	£
Amounts to be financed by General Capital Resources	52,532.87	3,018,114.12	3,070,646.99
Financed by:			
Unsupported Borrowing	0.00	2,352,220.01	2,352,220.01
Usable Capital Receipts	52,532.87	665,894.11	718,426.98
Total Financing from General Capital Resources	52,532.87	3,018,114.12	3,070,646.99

CAPITAL SLIPPAGE - INTO FINANCIAL YEAR 2011/12

For consideration by Cabinet 26 July 2011

	Slippage Requested	Source of Funding:		
		LCC Funded	Grant / Contributions	Total
		£	£	£
Environmental Services				
District Playground Improvements	1,000.00	1,000.00		1,000.00
Hala Park Playground Improvements	39,000.00	9,000.00	30,000.00	39,000.00
Toilet Works	4,000.00	4,000.00		4,000.00
	44,000.00	14,000.00	30,000.00	44,000.00
Community Engagement				
Energy Efficiency Schemes	22,000.00	22,000.00		22,000.00
Salt Ayre works programme	3,000.00	3,000.00		3,000.00
	25,000.00	25,000.00	0.00	25,000.00
Health and Housing				
YMCA Places of Change	63,000.00		63,000.00	63,000.00
Disabled Facilities Grants	28,000.00		28,000.00	28,000.00
	91,000.00	0.00	91,000.00	91,000.00
Information Services				
I.T. Infrastructure	10,000.00	10,000.00		10,000.00
I.T. Desktop Equipment	25,000.00	25,000.00		25,000.00
Electronic Room Hire Booking System	1,000.00	1,000.00		1,000.00
	36,000.00	36,000.00	0.00	36,000.00
Regeneration & Policy				
Cycling England	13,000.00		13,000.00	13,000.00
Toucan Crossing-King Street	14,000.00		14,000.00	14,000.00
Artle Beck Improvements (Flood Defences)	237,000.00		237,000.00	237,000.00
Denny Beck Bridge Improvements	81,000.00	81,000.00		81,000.00
Wave Reflection Wall Refurbishment	15,000.00	1,000.00	14,000.00	15,000.00
Slynedale Culvert project	21,000.00		21,000.00	21,000.00
The Dome (Demolition)	12,000.00	12,000.00		12,000.00
Amenity improvements	3,000.00	3,000.00		3,000.00
Luneside East Compensation Claims	1,000.00	1,000.00		1,000.00
Poulton Public Realm-Edward St, Union St, Church Walk	10,000.00		10,000.00	10,000.00
Bold Street Renovation Scheme	94,000.00		94,000.00	94,000.00
Public Realm Works	13,000.00	13,000.00		13,000.00
Storey Institute Centre for Industries	34,000.00		34,000.00	34,000.00
	548,000.00	111,000.00	437,000.00	548,000.00
Property Services				
Corporate & Municipal Building Works (incl. energy efficiency)	47,000.00	47,000.00		47,000.00
67-71 Market Street	23,000.00	23,000.00		23,000.00
LTH Roof Replacement	33,000.00	33,000.00		33,000.00
MTH Roof Replacement	52,000.00	52,000.00		52,000.00
	155,000.00	155,000.00	0.00	155,000.00
GENERAL FUND TOTAL	899,000.00	341,000.00	558,000.00	899,000.00
Council Housing				
Kitchen/Bath 09/10 Contract 2 Ridge	8,000.00	8,000.00		8,000.00
Fire Precaution Works 10/11	7,000.00	7,000.00		7,000.00
Choice Based Letting	67,000.00	67,000.00		67,000.00
COUNCIL HOUSING TOTAL	82,000.00	82,000.00	0.00	82,000.00

APPENDIX K

Annual Treasury Management Report 2010/11

For consideration by Cabinet 26 July 2011

1 Introduction

1.1 The Council's Treasury Management Strategy for 2010/11 was approved by Council on 03 March 2010. This report sets out the related performance of the treasury function by providing details of:

- a) long term and short term borrowing (i.e. debt that the Council owes)
- b) investment activities
- c) relevant borrowing limits and prudential indicators.

It is a requirement of the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice on Treasury Management in Local Authorities that such a report be made to the Cabinet within six months of the end of the financial year, and that it also be reported to Council for information.

1.2 The aim of the Treasury Management Policy and associated activity is to ensure that the investment of surplus cash is managed in line the guidance issued by both CIPFA and Government, as well as in line with the Council's appetite for risk. For 2010/11 the appetite for risk remained low following the collapse of the Icelandic banks and resulting volatility in the wider economy.

1.3 Treasury management is a technical area. Training has been provided in the past to Members and this continues to be an important part of the updated CIPFA code of practice (November 2009) covering strategies from 2010/11 onwards. To assist with the understanding of this report, a glossary of terms commonly used in Treasury Management is attached at **Annex A**. In addition, the Councillor's Guide to Local Government Finance also has a section on treasury and cash management, and this is available through the Member Information section on the Intranet. Member training has been organised with the Council's Treasury Management consultants, Sector, for later in the 2011/12 financial year.

2 Summary: Headline Messages for 2010/11

2.1 The key points arising from this report are as follows:

- There is still a great deal of uncertainty in the economy with a number of competing factors in the balance as to whether interest rates may increase and the timing of any increase. Credit worthiness is still an key issue.
- Although there is reason for optimism in relation to Icelandic investments, the judgement to award preferential creditor status for Glitnir and Landsbanki has yet to be passed irrefutably. However, a concrete decision should be known before the end of the calendar year.
- Payments have continued against the KSF deposit which is now up to 53% repayment against a total predicted settlement of 82%.
- No new long term debt has been taken on in the year. The Council has not breached any Treasury Management Indicators relating to debt in the year.

Borrowings were in line with the Council's Capital Financing Requirement (CFR). They have not been above either the Operational or Authorised limits and the maturity profile/variable rate exposure on borrowings has also stayed within the approved limits, although the change to IFRS accounting has brought some very long term liabilities onto the Council's balance sheet, and these are longer than the range previously used in the maturity of debt indicator.

- Although the capital programme increased the amount of prudentially funded expenditure in year, this was offset by provision for repayment of principal so that the net underlying need to borrow was static in year.
- No long term loans have been repaid in the year and no temporary borrowings have been required to support day to day cash flow. The portfolio will be monitored going forward with an eye on the potential requirement to finance a buy out of the HRA subsidy system.
- The Council has stayed within its Prudential limits for investments and has not breached any of the criteria set out in the approved strategy. As was the case in 2009/10, funds have been kept either on instant access or within short fixed term deposits at the Debt Management Office (part of Her Majesty's Treasury).
- Outturn on investment interest was £271K, which was £17K above the revised budget. This is largely due to higher cash balances in the year than anticipated and slightly higher rates of return on the call accounts and money market funds.

3 **Economic background**

2010/11 proved to be another watershed year for financial markets. Rather than a focus on individual institutions, market fears moved to sovereign debt issues, particularly in the peripheral Euro zone countries.

UK growth proved mixed over the year. The first half of the year saw the economy outperform expectations, although the economy slipped into negative territory in the final quarter of 2010 due to inclement weather conditions. The year finished with prospects for the UK economy being decidedly downbeat over the short to medium term. The Japanese disasters in March and the crisis in Libya caused an increase in world oil prices, which all combined to dampen international economic growth prospects.

The cost of the UK Government's borrowing (Gilt yields) fell for much of the first half of the year as financial markets drew considerable reassurance from the Government's debt reduction plans, especially in the light of Euro zone sovereign debt concerns. However, this positive performance was mostly reversed in the closing months of 2010 as sentiment changed due to sharply rising inflation pressures. These were also expected to cause the Monetary Policy Committee (MPC) to start raising the Bank Rate. Although this did not happen in 2010/11, it remains a continuing pressure on the MPC. However, in March 2011, slowing actual growth, together with weak growth prospects, saw consensus expectations of the first UK rate rise move back from May to August 2011 despite high inflation.

The developing Euro zone peripheral sovereign debt crisis caused considerable concerns in financial markets. First Greece (May 2010), then Ireland (December), were forced to accept assistance from a combined EU / IMF rescue package.

Subsequently, fears steadily grew about Portugal, although it managed to put off accepting assistance till after the year end. These worries caused international investors to seek safe havens in investing in non-Euro zone government bonds.

Risk premiums were also a constant factor in raising money market deposit rates beyond 3 months. Although market sentiment has improved, continued Euro zone concerns, and the significant funding issues still faced by many financial institutions, mean that investors remain cautious of longer-term commitment. The European Commission did try to address market concerns through a stress test of major financial institutions in July 2010. Although only a small minority of banks “failed” the test, investors were highly sceptical as to the robustness of the tests, as they also are over the further tests now taking place. Results for these are due in mid-2011.

Overall then, there is still a great deal of uncertainty in the economy with interest rates still at historically low levels. There are a number of competing factors in the balance as to whether rates may increase and if so, what the timing of any increase might be. Credit worthiness is still an key issue.

4 **Icelandic Investments**

There is still significant uncertainty over the position on the Council's Icelandic investments. Although the Council has had a favourable verdict on its creditor status for both Landsbanki and Glitnir, these rulings have been appealed and so, as yet, there is no definitive outcome. The high court ruling is expected some time in late Summer or Autumn 2011 which may, or may not, be in time for the final accounts being signed off.

Although CIPFA revised its accounting guidance, removing the worst case scenario from its recommended range of values, the Council has not adjusted the impairment on these investments, keeping them at a value that was half way between best and worst case. This is because revising the value upwards in line with CIPFAs recommended values would expose the Council to a potentially large revenue cost if the appeal led to the Council losing its preferential creditor status.

KSF are still making repayments and as at the end of the year, 53% of the claim (£1,082K including £22K of interest) had been paid. The latest prediction as per CIPFA (update 4) is that in total 82% of the claim should be refunded to the Council (£1,640K of principal and £39K of interest), which is an increase on the prior year.

As was reported in the prior year, there is an exchange rate risk linked to the Icelandic deposits. The claims with Glitnir and Landsbanki were converted to Icelandic Krona (ISK) on 22 April 2009. Repayments by the banks will be based on the value of the deposit in ISK so the sterling value received by authorities will depend on the prevailing exchange rate which may be lower than the equivalent value on 22 April 2009 (190.62 ISK/£, the rate as at 31/3/2011 was 183.4 ISK/£). However, as previously reported by CIPFA, this is not expected to be material, although it is possible that this could change in the future.

The Government allocated a £2.1M capitalisation order to the Council, all of which was used in 2009/10. Due to the upwards re-measurement of the KSF investment, £222K of the capitalisation has been reversed but the remainder is in place covering the recognised impairment on Glitnir and Landsbanki. Once a conclusive valuation for these two assets is available, the impairment and its financing will be reviewed.

5 Borrowing and capital expenditure.

5.1 Longer Term Borrowing and Funding of Capital.

Long term borrowing is an important part of the Council's capital financing. Under the Prudential Code a key indicator is the Capital Financing Requirement (CFR). This figure is calculated from the Council's balance sheet and represents, in broad terms, the gap between the value of fixed assets and that of capital reserves. In essence, this gap may be viewed as the cumulative amount of capital investment that may need to be funded through external borrowing (i.e. the amount of capital investment that hasn't been funded from other sources such as grants, revenue contributions and capital receipts). Borrowing should not then exceed the CFR on a long term basis, as this would indicate that borrowing is being used to fund expenditure other than capital. For 2010/11 the figures were as follows:

	£000
Opening CFR	50,811
Closing CFR	50,820
Average CFR	50,816
Weighted average borrowings	39,215
Weighted average finance lease liability	4,187
Weighted average investments*	18,805
Net borrowings	24,597

From this it is clear that net borrowings are well below the Council's CFR, and average gross borrowings are comfortably below, even adjusting the CFR down for the balance sheet adjustments relating to finance lease liabilities. This shows that that long term borrowing has not been used to fund revenue activities.

In terms of capital expenditure and funding in the year, this can be summarised as follows:

	2009/10 (restated)	2010/11
	£000	£000
Opening Capital Financing Requirement	50,398	50,810
<i>Capital investment</i>		
Property, Plant and Equipment	9,066	8,397
Investment Properties	39	12
Intangible Assets	27	90
Revenue Expenditure Funded from Capital Under Statute	4,228	2,197
<i>Sources of financing</i>		
Capital receipts	(1,409)	(718)
Government Grants and other contributions	(5,660)	(3,258)
Direct revenue contributions	(1,499)	(1,823)
Minimum Revenue Provision	(2,076)	(2,121)
Major Repairs Reserve	(2,304)	(2,767)
Closing Capital Financing Requirement	50,810	50,819

This shows little movement in the CFR over the year. The capital programme was budgeted to have a borrowing requirement of £1.1M for 2010/11. The actual out-turn was £2.13M of prudentially funded expenditure. This increase was due to the decision to acquire vehicles and waste receptacles through capital expenditure rather than through sale and lease back agreements, on value for money grounds. Under the newly introduced international financial reporting standards (IFRS) many of these sale and lease back arrangements end up counting towards the Council's capital expenditure anyway, so future capital budgets will need to be adjusted to reflect this change in treatment and the impact on the CFR. This also explains why the 2009/10 figures have been restated as lease arrangements that were previously treated as revenue costs have been capitalised under IFRS accounting.

Although there was an increase to the Council's prudentially funded capital expenditure, this was offset by the reduction in capitalisation directive required for the impairment on the Council's investment with the Icelandic bank KSF (£222K) and through the statutory provision for repayment of principal (MRP). In summary, there has been little change in the underlying need to borrow, over the year.

To control the actual level of borrowing indicators are set on both the absolute allowable amount of debt (the Authorised limit) and expected gross debt allowing for day to day cash management (Operational Boundary). This is summarised below:

	Actual Debt 31/03/11	Operational Boundary	Authorised Limit
	£000's	£000's	£000's
Deferred Liabilities	223		
Long term Finance lease liability	3,433		
PWLB Debt	39,215		
Total	42,871	48,100	53,110

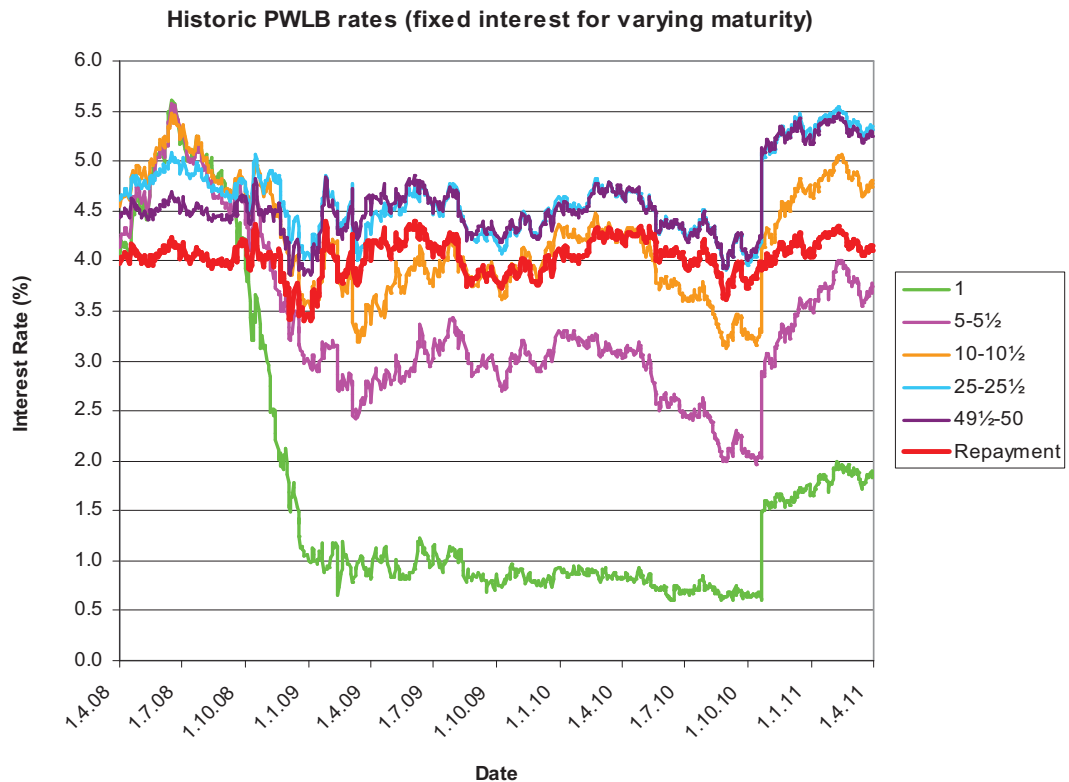
It can be seen that the Council was well below the Authorised Limit and Operation Boundary throughout the year. The debt boundaries appear high in relation to the level of debt actually incurred, but these were originally set to provide flexibility for some potentially large liabilities within the capital programme arising in connection

with matters such as Luneside East land acquisitions. These have not resulted in a direct impact on capital expenditure or income in 2010/11 and following the successful result in the first round of the Lands Tribunal, a smaller contingency is required in future years. However, other issues such the timing and likelihood of some major capital receipts still mean that flexibility is required in terms of future years' borrowing limits.

The Council's debt figure also includes the long term element of finance lease liabilities, in line with the Prudential Code. Although these are not strictly borrowings, they are included to reflect the capital substance of some lease contracts.

5.2 PWLB Interest Rate Movements

All of the Council's long term borrowings are held with the Public Works Loan Board (PWLB). During the course of 2010/11 the spread in rates which started in 2008/09 has remained, with a much lower rate for short term loans than those for longer periods. The Government did however raise rates in October 2010, adding 1% across the board on PWLB rates:



Repayment of PWLB debt is still an attractive option in the current climate, as investment returns remain far lower than the interest payable on existing debt. However, the rates during 2010/11 did not allow this without inhibitive early repayment penalties. Opportunities to make repayments will be reviewed throughout 2011/12 although this will be done with an eye on the possible need to take on more debt should HRA self financing become a reality. In this case it may make sense to keep hold of existing loans if these are below the projected market rates.

5.3 Debt Maturity (or Repayment) Profile

The Council is exposed to “liquidity” risks if high value loans mature (i.e. become due for repayment) at the same time, making a large demand on cash. One Treasury Indicator which is used to manage this risk is the maturity structure of borrowing. This indicator introduces limits to help reduce the Council’s exposure to large fixed rate sums falling due for repayment (and potentially re-financing) all at once. The table below shows these profiles at the beginning and end of the year against the indicator. The portfolio has not moved during the year.

None of the Council’s current longer term borrowing is due for scheduled repayment in the next ten years, although, as noted above, there may be some large changes to the debt portfolio going forward, in relation to HRA self financing.

	Treasury Indicator	Actual (restated) 31/3/10	Actual 31/3/11
Under 12 months	0-35 %	1%	1%
12 – 24 Months	0 – 20%	1%	1%
24 – 5 years	0 – 20%	1%	2%
5 – 10 years	0 – 20%	0%	0%
10 -15 years	0 – 50%	0%	0%
15 – 25 years	0 - 100%	0%	0%
25 – 50 years	50 – 100%	92%	91%
50 years and upwards		5%	5%

In line with the Prudential Code, these figures now include the finance lease liabilities brought onto the balance sheet under IFRS during 2010/11. As one of these leases is for longer than 50 years (Lancaster Market), the accounting adjustments result in a long term liability greater than 50 years in length which is outside the range of the indicators set for 2010/11. This is not judged to alter the liquidity risk of the debt portfolio which is otherwise well within the approved limits.

5.4 Interest Payable on Longer Term Borrowing

The average rate of interest payable on PWLB debt in 2010/11 was 5.68% which is identical to 2009/10 and was on budget.

	£'000
2010/11 Estimate	2,227
2010/11 Actual	2,227 (of which £724K was re-charged to the HRA)
Variance	0

There was also £429K of interest in relation to finance leases under IFRS accounting. This is a cost that in previous years has been presented within service expenditure. It is purely a presentational change with no impact on the bottom line.

Prudential Indicators also provide exposure limits that identify the maximum limit for variable / fixed interest rate exposure, based upon the debt position. The table below shows that the outturn position was within the limits set by Members at the beginning of the year. The Council currently only has fixed interest rate maturity debt, although again this could change in future if market conditions warrant or facilitate it.

	Prudential Indicator	Actual
	%	%
Fixed Rate	100	100
Variable Rate	30	0

Accounting for finance leases has not altered this as the interest rates implicit in the leases are fixed at their inception date.

6 Investment Activities

5.1 Performance against Prudential Indicators

In 2010/11 all investments were placed in accordance with the approved Investment Strategy; there have been no breaches of the investment criteria.

The Council has made no investments and held no investments with a maturity of longer than 365 days from the end of 2010/11; the investment strategy prohibited such long term investments. All deposits have been made either to instant access call accounts and money market funds or have been placed as term deposits with the Debt Management Office (DMO), part of Her Majesty's Treasury.

Details of deposits are included in **Annex B**.

5.2 Performance against budget and external benchmarks.

In terms of performance against external benchmarks, the return on investments (not including notional Icelandic interest) compared to the LIBID and bank rates over the year to date is as follows:

Indicator (mean value)	2009/10	2010/11
Base Rate	0.50%	0.50%
3 Month LIBID	0.83%	0.74%
Lancaster CC investment	0.86%	0.53%

The return is just above base but well below 3 month LIBID. This is because the Council has focussed on secure and highly liquid deposits which have mainly been on instant access, hence the relatively poor rate of return.

In terms of performance against budget, the details are as follows:

Annual budget	£254K
Actual to date	£99K (see details in Annex B)
"Icelandic" to date	£172K (see details in Annex B)
Total	£271K
Variance	£17K favourable

There is a £17K favourable variance. This is largely due to higher cash balances in the year than anticipated and slightly higher rates of return on the call accounts and money market funds. The Icelandic income is a real credit to the general fund, unlike in previous years when this 'accounting' interest had to be reversed out to the

Financial Instrument Adjustment Account to net off against the deferred impairment charge.

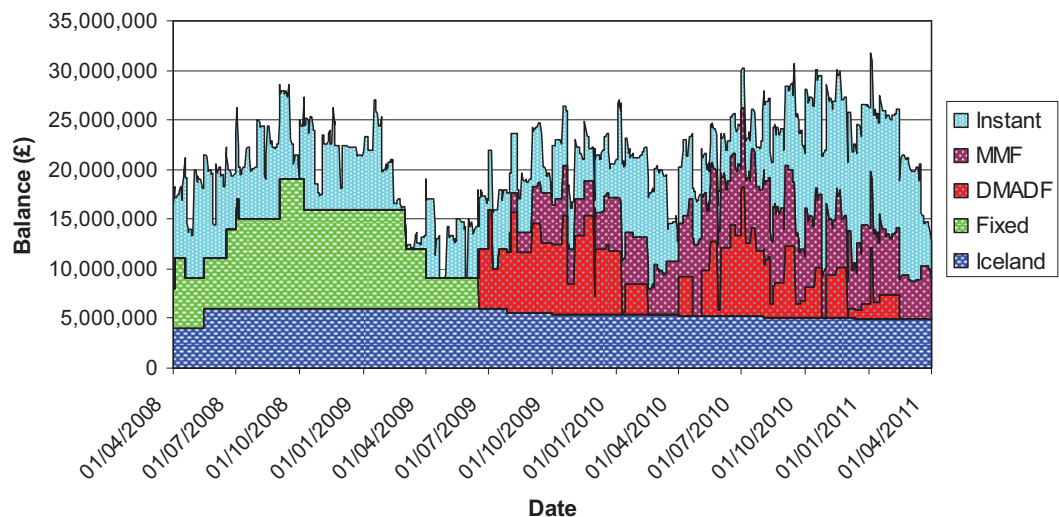
Overall, the investment returns were within the range limited by the base rate and LIBID (London Inter-bank Bid) rate. In comparison to the prior year, the overall rate of return is worse although the absolute amount of 'real' interest (not including Iceland) is similarly low (£99K vs £108K), which reflects the consolidation of the downturn which started in 2008/09. It is anticipated that returns may double over the year but as can be seen from the table below, these predictions are still cautious and are well below the high rates of investment interest being earned during 2007/08.

Date	3 month LIBID projection (%)
01/06/2011	0.80
01/09/2011	0.90
01/12/2011	1.25
01/03/2012	1.50
01/06/2012	1.75

Source: Sector, June 2011

The Investment Strategy for 2010/11 continued with the more cautious approach to managing surplus cash which has been in place since the banking crisis. This has restricted the term of deposits to a maximum of 1 year, reduced the counterparty limits and removed the option to make non EU deposits. In practice, deposits were placed on instant access in either call accounts or Money Market Funds (MMFs), or were placed on term deposit in the DMO account. The pattern of these investments over 2010/11 and the prior year can be seen in more detail below (the reduction in Icelandic balances represents the repayments made by KSF).

Investment values over the prior 2 years



Similar to the borrowing comparators, there is currently no information available regarding other Local Authorities' investment performance during 2010/11.

7 Other Risk Management Issues

Many of the risks in relation to treasury management are managed through the setting and monitoring performance against the relevant Prudential Indicators and the approved investment strategy, as discussed above.

The risk management framework within treasury management has been recently updated within the new codes of practice from CIPFA and the new investment guidance due from the DCLG. Since 2007/08 the environment has changed from a relatively stable economy with investment returns that were higher than the cost of much of the Council's debt, to one where investment returns have slumped and the credit worthiness of counterparties is paramount. The Authority's Investment Strategy is designed to engineer risk management into investment activity largely by reference to credit ratings and length of deposit to generate a pool of counterparties, together with consideration of non credit rating information to refine investment decisions. This strategy is required under the CIPFA Treasury Management Code, the adoption of which is another Prudential Indicator. The strategy for 2010/11 complied with updated code of practice and DCLG investment guidance.

8 Other Prudential Indicators

As required under the Prudential Code, certain other year end Prudential Indicators must be calculated and these are included in a separate Appendix. They cover the other side of investment and debt management referred to briefly in 5.1 above, this being capital expenditure, and they will be incorporated into the referral report to Council.

9 Conclusion

As for 2009/10, the main issue for 2010/11 treasury management relates to Icelandic investments although progress with the legal claims is being made to the extent that, within months, the Council should have a concrete figure in terms of the amounts to be recovered from Glitnir and Landsbanki.

Due to the ongoing impact of Iceland on the Council's risk appetite and the ongoing economic malaise, all other Treasury management activity has continued within a very narrow band of low risk products and counterparties maintaining the trend of relatively low investment returns compared to the pre Iceland years.

Treasury Management Glossary of Terms

- **Annuity** – method of repaying a loan where the payment amount remains uniform throughout the life of the loan, therefore the split varies such that the proportion of the payment relating to the principal increases as the amount of interest decreases.
- **CIPFA** – the Chartered Institute of Public Finance and Accountancy, is the professional body for accountants working in Local Government and other public sector organisations, also the standard setting organisation for Local Government Finance.
- **Counterparty** – an institution (e.g. a bank) with whom a borrowing or investment transaction is made.
- **Credit Rating** – is an opinion on the credit-worthiness of an institution, based on judgements about the future status of that institution. It is based on any information available regarding the institution: published results, Shareholders' reports, reports from trading partners, and also an analysis of the environment in which the institution operates (e.g. its home economy, and its market sector). The main rating agencies are Fitch, Standard and Poor's, and Moody's. They analyse credit worthiness under four headings:
 - Short Term Rating** – the perceived ability of the organisation to meet its obligations in the short term, this will be based on measures of liquidity.
 - Long Term Rating** – the ability of the organisation to repay its debts in the long term, based on opinions regarding future stability, e.g. its exposure to 'risky' markets.
 - Individual/Financial Strength Rating** – a measure of an institution's soundness on a stand-alone basis based on its structure, past performance and credit profile.
 - Legal Support Rating** – a view of the likelihood, in the case of a financial institution failing, that its obligations would be met, in whole or part, by its shareholders, central bank, or national government.

The rating agencies constantly monitor information received regarding financial institutions, and will amend the credit ratings assigned as necessary.
- **DMADF and the DMO** – The DMADF is the 'Debt Management Account Deposit Facility'; this is highly secure fixed term deposit account with the Debt Management Office (DMO), part of Her Majesty's Treasury.
- **EIP** – Equal Instalments of Principal, a type of loan where each payment includes an equal amount in respect of loan principal, therefore the interest due with each payment reduces as the principal is eroded, and so the total amount reduces with each instalment.
- **Gilts** – the name given to bonds issued by the U K Government. Gilts are issued bearing interest at a specified rate, however they are then traded on the markets like shares and their value rises or falls accordingly. The Yield on a gilt is the interest paid divided by the Market Value of that gilt.

Eg. a 30 year gilt is issued in 1994 at £1, bearing interest of 8%. In 1999 the market value of the gilt is £1.45. The yield on that gilt is calculated as $8\%/1.45 = 5.5\%$.

See also PWLB.

- **LIBID** – The London Inter-Bank Bid Rate, the rate which banks would have to bid to borrow funds from other banks for a given period. The official rate is published by the Bank of England at 11am each day based on trades up to that time.
- **LIBOR** – The London Inter-Bank Offer Rate, the rate at which banks with surplus funds are offering to lend them to other banks, again published at 11am each day.
- **Liquidity** – Relates to the amount of readily available or short term investment money which can be used for either day to day or unforeseen expenses. For example Call Accounts allow instant daily access to invested funds.
- **Maturity** – Type of loan where only payments of interest are made during the life of the loan, with the total amount of principal falling due at the end of the loan period.
- **Policy and Strategy Documents** – documents required by the CIPFA Code of Practice on Treasury Management in Local Authorities. These set out the framework for treasury management operations during the year.
- **Public Works Loans Board (PWLB)** – a central government agency providing long and short term loans to Local Authorities. Rates are set daily at a margin over the Gilt yield (see Gilts above). Loans may be taken at fixed or variable rates and as Annuity, Maturity, or EIP loans (see separate definitions) over periods of up to fifty years. Financing is also available from the money markets, however because of its nature the PWLB is generally able to offer better terms.
- **Butlers** – Butlers Treasury Services are the City Council's Treasury Management advisors. They provide advice on borrowing strategy, investment strategy, and vetting of investment counterparties, in addition to ad hoc guidance throughout the year.
- **Yield** – see Gilts

Members may also wish to make reference to *The Councillor's Guide to Local Government Finance*.

INVESTMENT INTEREST EARNED TO 31 March 2011

Icelandic investments	No	Start	End	Rate %	Principal £	Cumulative Interest* £
Deposited 2007/08						
Landsbanki Islands	004	31-Mar-08	22-Apr-09	6.25	1,000,000	35,000
Glitnir	FI02/023	31-Mar-08	22-Apr-09	5.76	3,000,000	107,000
Deposited 2008/09						
Kaupthing, Singer & Friedlander	06/07-I29	16-May-08	07-Oct-08	6.00	940,000	30,000
Sub total					4,940,000	172,000

Other Investments	opening	Min	Max	closing	Indicative rate	Cumulative Interest £
Call: Abbey National	3,300,000	0	4,000,000	2,400,000	0.75%	17,560
Call: Yorkshire bank	2,000,000	0	2,000,000	0	0.50%	8,849
Call: RBS	400,000	400,000	2,000,000	1,300,000	0.70%	13,338
Call: Lancashire County Council	0	0	4,000,000	0	0.70%	17,481
DMADF	4,000,000	0	12,950,000	0	0.25%	9,214
Government Liquidity MMF	1,600,000	0	4,000,000	100,000	0.39%	11,003
Liquidity First MMF.	3,700,000	1,000,000	4,000,000	4,000,000	0.65%	21,751
Sub-total	15,000,000			7,800,000		99,196

TOTAL Interest						271,196
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* Under the 2009 SORP, interest continues to be accrued whilst Icelandic investments are on the Council's balance sheet. As the full impairment on the investments was recognised in the 0910 accounts, this interest will be credited to the General Fund.

PRUDENTIAL INDICATORS - LANCASTER CITY COUNCIL

For consideration by Cabinet 26 July 2011

2009/10*	2010/11
£'000	£'000

AFFORDABILITY

PI 2: Actual ratio of financing cost to net revenue stream		2009/10*	2010/11
	Non - HRA	15.4%	16.0%
	HRA	8.4%	7.4%
	Overall	13.2%	13.2%

PRUDENCE

PI 6: Actual capital expenditure		2009/10*	2010/11
	Non - HRA	9,852	6,511
	HRA	3,508	4,185
	Total	13,360	10,696

PI 8: Actual Capital Financing Requirement		2009/10*	2010/11
	Non - HRA	35,508	35,517
	HRA	15,303	15,303
	Total	50,811	50,820

PI 11: Actual external debt		2009/10*	2010/11
	PWLB loans	39,215	39,215
	Long term Finance lease liability	3,938	3,433
	Short term finance lease liability	498	504
	Other long term liability	223	223

CABINET

Shared Services Programme 26 July 2011

Report of Chief Executive

PURPOSE OF REPORT			
To report to Cabinet on progress made in developing a shared services programme for the Council as requested as an action from the Corporate Performance Monitoring Report Quarter 1 2010, since the last progress report presented to Cabinet on the 19 April 2011.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>
Referral from Officers	X		
Date Included in Forward Plan	N/A		
This report is public			

OFFICER RECOMMENDATIONS:

- 1 **That Cabinet notes the progress made in developing a Shared Services Programme for the Council, since the last progress report presented to Cabinet on the 19 April 2011.**

- 2 **That officers continue to develop shared service partnership opportunities for achieving service improvements and efficiencies with a view to reporting back as determined by Cabinet and as appropriate to achieve any decision-making deadlines.**

REPORT

- 1 Since the last update report to Cabinet, Lancashire County Council and BT have jointly formed a company called OneConnect Limited to undertake the work of the Strategic Partnership.

2. As reported to Cabinet on the 19 April, the benefits from the Strategic Partnership could be significant and, therefore, Lancaster City Council had previously agreed to add its name to the OJEU notice.

3. The services currently being progressed by the City Council with Oneconnect are ICT, Customer Access and an HR/Payroll system. Attached at **Appendices A and B** are a draft Governance chart and a draft Milestones chart.

4. Progress is also being made on a number of other possible shared services opportunities with the County Council and attached at **Appendix C** is an update on these and those being progress through Oneconnect.
5. Cabinet are asked to note the progress made to date on each shared service opportunity.

2.0 Options and Options Analysis (including risk analysis)

To note the progress being made in respect of the service areas identified in the Appendix and to receive reports back to Cabinet as appropriate to meet any decision-making deadlines and to ensure that any service improvements and efficiencies are considered as part of the budget exercise

RELATIONSHIP TO POLICY FRAMEWORK

The efficiencies delivered from developing a shared service programme will greatly assist in achieving the outcomes of the council's savings and efficiency programme and targets included in the Medium Term Financial Strategy.

It will also support the council's Corporate Plan priorities for working closely with other partner organisations to deliver improved benefits for the Lancaster district community.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability etc)

The use of business cases to develop options will ensure that benefits identified for introducing shared services will be sustainable and achievable.

FINANCIAL IMPLICATIONS

There are no direct financial implications arising at this stage, although the progression of the shared service programme is expected to deliver further service efficiencies and/or cashable savings in future.

OTHER RESOURCE IMPLICATIONS

Human Resources:

N/A

Information Services:

N/A

Property:

N/A

Open Spaces:

N/A

SECTION 151 OFFICER'S COMMENTS

The S151 Officer has been consulted and has no further comments at this stage.

LEGAL IMPLICATIONS

Legal Services have been consulted and there are no legal implications directly arising from this report.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no comments to add.

BACKGROUND PAPERS

None.

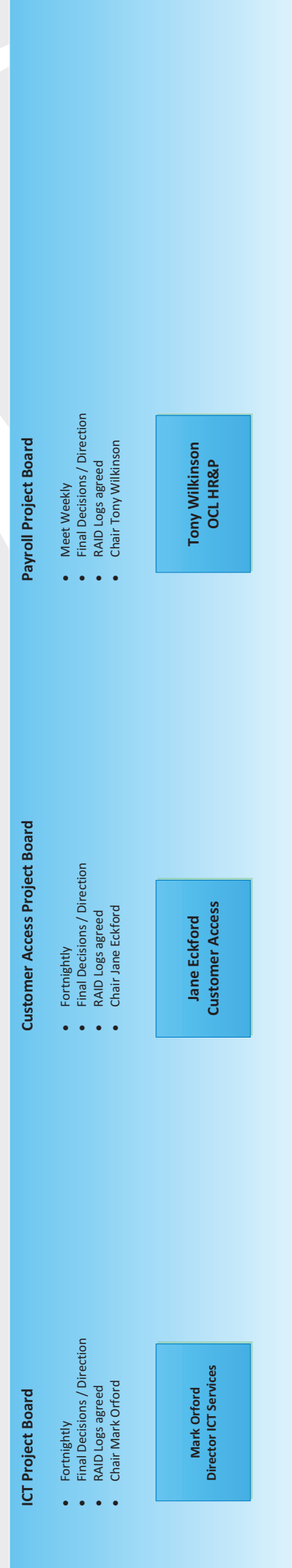
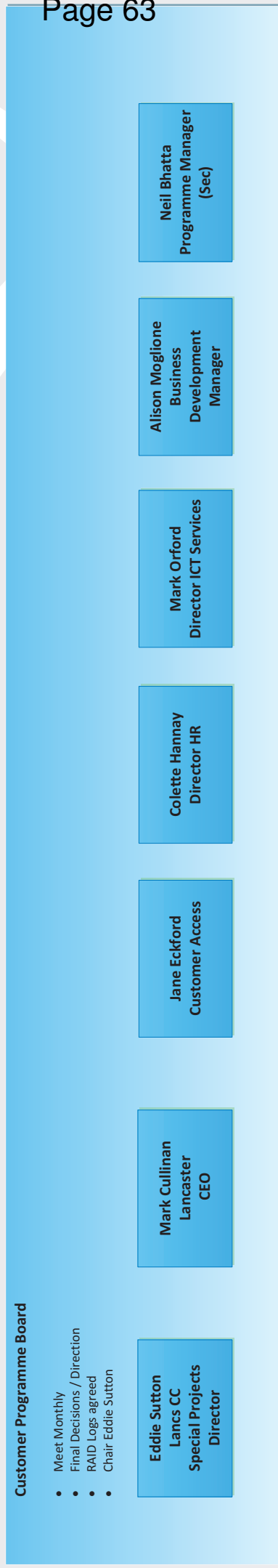
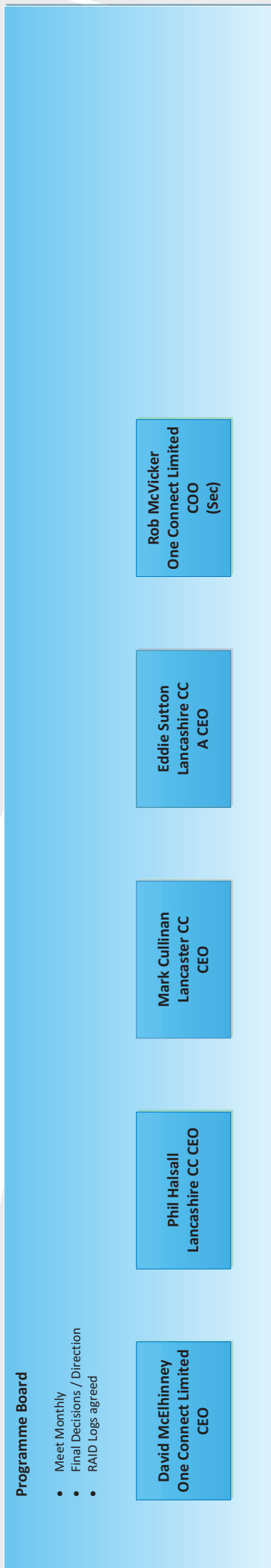
Contact Officer: Chief Executive

Telephone: 01524 582011

E-mail: chiefexecutive@lancaster.gov.uk

Ref:CE/ES/Committee/Cabinet/Shared
Services/July26.2011

Lancaster Shared Services Governance Chart

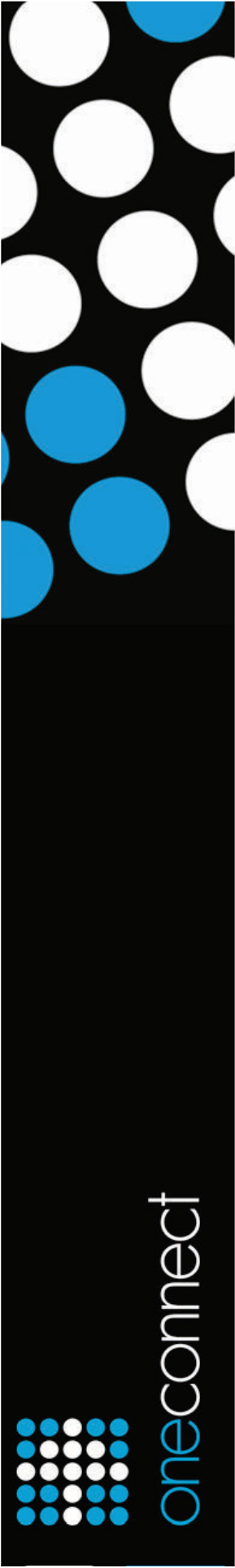




oneconnect

Lancaster – Milestone Plan

Thursday, 16 June 2011



MOU Agreed
 Due Diligence Starts
 Contract Signed - FC
 Customer Access Service Commencement

Agree Programme structure and resource team
 Draft Schedules Issued
 ICT and Payroll Service Commencement



MOU issued to Lancaster CC	Org Chart and work streams defined	ICT, Customer Access and Payroll work streams	Draft schedule starts	Contract Signature	Drive delivery plans for Day One and ramp up Comms Plan.	Start of Lancaster CC / OCL Shared Services.
				Secondment Agreement signed	Align "in-Flight Projects" and drive delivery	

SHARED SERVICES PROGRAMME
Update for Cabinet – 26 July 2011

PARTNER	SERVICE ACTIVITY - CURRENT POSITION
	<p data-bbox="528 432 1473 477">Property</p> <p data-bbox="528 517 1473 663">Specifications have been prepared in respect of property services for either advising the shared services process or putting out to tender. This is also to be supported by proposals to restructure the service.</p> <p data-bbox="528 701 659 734"><i>Update:</i></p> <p data-bbox="528 775 1473 1245"><i>Negotiations have been ongoing with South Lakeland District Council (involving Norfolk Property Services as their contracted supplier) and Lancashire County Council. A memorandum of Understanding has been prepared by the County Council to form the basis of the discussions with them and good progress has been made with all parties. Subject to having sufficient information from each party it is anticipated that a report will be prepared for the cabinet meeting on 26 July 2011 with a view to determining the partner with whom final discussions could be held. The County Council have indicated that they could be in a position to commence the shared service in October 2011 but that does require significant elements of work to be in place by that date.</i></p> <p data-bbox="528 1328 1473 1373">City Council/One Connect</p> <p data-bbox="528 1406 1473 1552">Opportunities to provide shared face to face and telephony service with the county council. Officers from both councils are progressing options on this in the context of the strategic partnership between the county council and BT (One Connect).</p> <p data-bbox="528 1590 659 1624"><i>Update:</i></p> <p data-bbox="528 1664 1473 1809"><i>Work continues to progress options for shared service delivery in respect of telephony and face to face customer contact with One Connect providing the telephony and the City Council providing the face to face.</i></p>

<p><i>Lancaster City Council officers and OneConnect Limited are exploring the possibilities of Lancaster City Council's ICT being provided through this partnership and are working on a memorandum of understanding.</i></p> <p><i>It is anticipated that as a result of this partnership, there will be savings on future purchases as a result of OneConnect's greater spending power and access to a greater amount of ICT resource to support the ICT Strategy.</i></p>
<p>Work is also progressing on Payroll and HR systems.</p> <p>The implementation plan indicates that the earliest which the city council could take up the use of the county HR/payroll system would be September/October 2011. At present, the specification and cost of the system have yet to be clarified. Once these factors have been determined officers will decide whether or not to proceed with implementation. In view of the timescales involved with implementation and impact on current workloads a live date of 1 April 2012 now seems more feasible.</p>
ENVIRONMENTAL SERVICES
<p>Public Realm - Grounds Maintenance Services</p> <p>As a result of county's consultation with the district as part of the review of the 'public realm' the city council approved the business case for delivering a range of grounds maintenance activities (mowing, weed spraying, out of hours work, tree works) outside of the urban core from April 2011. The operational details of this are now being finalised.</p> <p><i>Update:</i></p> <p><i>An extended public realm agreement is now in place. The agreement sets out what services the City Council delivers on behalf of the County Council and what budgets are provided for that. The new agreement has been operational since April 1 2011</i></p>

	<p>Highways Maintenance</p> <p>Currently the city council acts as a subcontractor to the county council to deliver some Highways Maintenance Works. The formal agreement for this expires 30 June 2011. Discussions are currently taking place to agree new arrangements that are consistent with county's 'one team' approach for highway.</p> <p><i>Update:</i></p> <p><i>Discussions with County ongoing. Current agreement to be extended from 1 July 2011 to allow discussions to be finalised.</i></p>
	<p>Waste Collection Cost Sharing-</p> <p>The Lancashire Waste Strategy sets out how waste authorities will manage waste. The county as waste disposal authority supports the cost of the waste collection authorities, supporting the delivery of this strategy, through a per household, per annum payment. The details of the cost sharing arrangement are due to be reviewed ahead of the 2012/13 financial year. The city council will contribute to the review with a view to ensuring that the revised cost sharing arrangements will ensure the effective delivery of the Lancashire Waste Strategy</p> <p><i>Update:</i></p> <p><i>Districts currently being consulted. Proposals for any revisions of cost sharing arrangements expected ahead of this year's budget exercise</i></p>
	<p>Depot Relocation</p> <p>There may be mutual advantages to the depot at White Lund Depot relocating to land owned by county adjacent to the Middleton transfer station. Resources are required to assess the feasibility of such a move.</p> <p>No firm proposals at this stage</p>

June 2011

CABINET

**Cycling - Future actions following
Cycling Demonstration Town Project.**

26th July 2011

Report of Head of Regeneration and Policy

PURPOSE OF REPORT			
<ol style="list-style-type: none"> 1. To accept the offer of funding for Links to Schools offered by Sustrans. 2. To update members on current initiatives relating to cycling. 3. To delegate the Service Head to agree partnership working with the County Council on cycling schemes. 4. To approve the use of Public Realm revenue budget to support Sustrans Bike it Officer. 5. That the General Fund Revenue and Capital Budgets be updated accordingly. 			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan	27/6/2011		
This report is public			

RECOMMENDATIONS OF COUNCILLOR Janice Hanson

- (1) Members are asked to accept the Memorandum of Understanding with Sustrans which allocates £136,000 funding for cycling links to schools at Westgate and Heysham, in combination with the Section 106 contribution from the Globe Arena, and authorise officers to undertake a procurement process for these works.
- (2) Members are asked to note Lancaster City Councils participation in a thematic bid for the Department for Transport's Local Sustainable Transport Fund in partnership with Sustrans and 36 Local Authorities and endorse officers pursuing this initiative if the bid reaches the second stage when a business plan will be required.
- (3) That the Head of Regeneration and Policy be given delegated authority to agree works in partnership with Lancashire County Council to deliver cycling schemes, subject to there being no additional call on City Council Resources.
- (4) Members are asked to approve the use of Public Realm revenue

budget to support the continuation of the “Bike It Officer” employed by Sustrans.

- (5) That the General Fund Revenue and Capital Budgets be updated accordingly.**

1.0 Introduction

1.1 Lancaster City Council has over the last six years successfully completed the Cycling Demonstration Town (CDT) project. Funding for this scheme amounting to £6m, split 50/50 between Cycling England and other match funding streams finished in March. Lancaster was one of the six original CDT's and the scheme has brought many benefits throughout the Lancaster District as well as promoting the City Council on a national level. The scheme has been successful in providing much improved infrastructure and promotion of cycling, resulting in substantial increases in the number of people cycling in the district. The introduction of cycling on Morecambe and Heysham promenade won a prestigious national highways award and the recently opened Way of the Roses Route from Morecambe to Bridlington is creating a great deal of interest. Morecambe Visitor Centre has seen a great number of enquiries for cycle friendly accommodation as well as good sales of the official route map.

1.2 Unfortunately funding ended in March but we have been made aware of funding opportunities to continue working on cycling improvements and promotion, particularly around education. This report gives details of these proposals to continue to progress the promotion of cycling as a healthy, economic and environmentally friendly means of transport as well as the context of the work in relation to the Environmental Management team.

1.3 Four initiatives are progressing;

Links to Schools - This has reached the stage of a firm offer of funding from Sustrans

Local Sustainable Transport Funding (LSTF) Bid – This is under consideration by the Department for Transport.

Partnership Working - Discussions are taking place with Lancashire County Council about cooperative working on cycling schemes.

Bike It Officer - An offer has been made by Sustrans to continue support for the Bike It Officer working with local schools, subject to financial support.

The Bike It project has been one of the main contributory factors to the success of the Cycling Demonstration Town project. The Bike It officers work in up to 12 selected schools throughout the school year to promote and encourage cycling to and from the school, by both staff and pupils, by delivering skills and maintenance training, carrying out events and activities and occasional financial support through grants for such things as secure cycle parking.

A CDT end of project report is attached for information as Appendix 1.

- 1.4 The engineering team within Environmental Management has consistently delivered a wide range of capital schemes with both internal and external funding with the greater majority being external. Its capital work has principally been to deliver the improvements to the coastal defences at Morecambe but it has been responsible for the majority of public realm infrastructure projects undertaken by the council. Since the withdrawal of the Lancashire County Highway Agency in 2006 the team has delivered over £20m of capital schemes which have earned substantial fees annually which help to offset its costs. Capital funding is obviously limited at the moment but a great deal of work is still required to maintain the protection against flooding that the coastal defences provide and is essential to the economic welfare of the district. Bids are currently being made for national funding for the Wave Reflection Wall replacement totalling £9m as well as other flood alleviation projects. These bids are being made under new rules which came out early June and there is no certainty of how these bids will be dealt with under the current economic climate. In times when funding for its primary role is delayed the team has always diversified and these cycling initiatives are another opportunity to bring in some external funding which requires a small commitment from the council.

The team is also currently engaged in delivering the Lancaster Square Routes project and a number of public realm schemes funded through section 106 planning gain. Any additional works referred to in this report will not adversely affect delivery of the ongoing projects.

2.0 Proposal Details

2.1 Funding from Sustrans for links to Schools

Lancaster City Council was given the opportunity by Sustrans to submit a bid for their 2011-12 Links to Schools and Communities Programme.

The bid was made on the understanding that match funding would be provided as indicated below: -

Total Scheme Cost	£230,000
Match funding allocated from:	
S106 Developer Contribution (Morecambe Football Club)	£69,000
Lancaster City Council Public Realm R&M budget	£10,000
Lancaster City Council Staff Time	£10,000
Heysham High land valuation	£5,000
Total matched funding	94,000
Sustrans Funding	£136,000

*the scheme estimate includes fees of £20,000

There are three elements of work includes in the bid: -

- Reconstruction and conversion of the footway on the northern side of Westgate to shared use between, Regent Rd and Langridge Way

(incorporating the already proposed S106 works associated with the Globe Arena).

- Widening of the existing footpath at the back of Heysham High to 3 metres surfaced width (4m between boundaries) to enable joint use by cyclists and pedestrians and erection of new fencing.
- Sign an inland cycle route between Heysham and Morecambe Town Centre and the Greenway (NCN 69) to Lancaster using quiet traffic calmed roads and the proposed link at the back of Heysham High School.

Work to carry out the cycling improvements under the section 106 agreement from the Globe Arena is already programmed so the additional work can easily be added to that contract requiring very little extra resource.

It is anticipated that the scheme should lead to the doubling of cycle use to Heysham High and a substantial increase to Westgate Primary School. The scheme should increase awareness of cycling at the High School and provide safer routes to its catchment areas to the north and east of the railway, whilst it links the Primary School to the western part of its catchment area.

It is hoped that the scheme would also lead to more children cycling to other primary schools in the area for example Sandylands, West End and Mossgate.

There is a noticeable increase in children cycling on the promenade in Heysham and Morecambe, often unaccompanied from a surprisingly young age which suggests there is opportunity to increase cycling to school in the area. The Westgate area, which is served by the Lancaster – Morecambe Greenway has one of the highest cycling levels in Lancashire.

2.2 **Local Sustainable Transport Fund**

Lancaster City Council was requested by Sustrans to join a thematic bid based around education to the Department for Transport's Sustainable Transport Fund (LSTF). The government have set aside £560m for this project nationally. Lancaster City Council is not a Transport/Highway Authority and is not therefore eligible to bid on an individual basis. However the bidding process did emphasise the benefits of partnership working and Sustrans approached the City Council to join a partnership bid with Devon County Council who were looking for a substantial number of other authorities to join a consortium. This acknowledges the City Councils successful contribution to promoting cycling growth in the region.

Our bid is a mixture of revenue and capital funding. It includes support for staff costs to continue the work that has taken place throughout the CDT in supporting school cycle initiatives (Bike It) and to extend this to further and higher education establishments. On the capital side there were sums to improve cycle links to schools and other education establishments, provide cycle parking and other small scale improvements.

The total funding requested for Lancaster City Council is £288,545 revenue and £195,000 capital over the three year funding period starting July 2012.

The bid as submitted has so far been successful and we will find out in July/August if it has received first stage approval. The consortium included 36 local authorities alongside Devon and Sustrans, a copy of the bid is attached as Appendix 2.

If successful then further details will need to be worked up for a final submission and details reported as appropriate.

2.3 Partnership Working with Lancashire County Council

Throughout the Cycling Demonstration Town (CDT) project the City Council has received elements of funding from County to assist with delivery of cycling infrastructure schemes within the district. Discussions are underway with the County to determine whether one or more of the cycling initiatives County have budgeted for in their programme for Lancaster could be delivered by the City Council. Any scheme undertaken would come with an agreed fee from the County Council for implementation.

2.4 Support for the Continuation of the Bike it Officer

Throughout the Cycling Demonstration Town (CDT) project we have hosted and supported a "Bike it" officer employed by Sustrans. The officer works with 12 schools per year and has been successful in increasing rates of cycling to school through a range of practical measures. These have included bike breakfasts, cycle skills and learn to Cycle sessions, assistance with getting cycle storage, Dr Bike, maintenance classes, bike rides and organising Bikeability. Financial support is no longer available through the CDT project. Sustrans have offered to fund this post for the remainder of the current financial year 2011-2012 at a cost of £33k subject to a contribution of funding from the City Council for the period from April 2012 to July 2012 amounting to £16.7k. The purpose of this expenditure is to retain the existing expertise to implement the revenue side of a successful bid under the LSTF bid in 2.2. The Bike it officers (job share) whom this funding would support do have involvement with some schools in ensuring that they get Bikeability training. An Individual Cabinet Member Report on funding for Bikeability Training offered from the Department for Transport has been recently approved. During the six years of the CDT this was delivered by officers employed specifically for that project within Regeneration and Policy. As they are no longer available and there was a synergy with the cycle training work already carried about by Wellbeing it was agreed between the Services that they were best placed to take advantage of that funding offer. A successful bid under the LSTF will not change that position.

3.0 Details of Consultation

Consultations so far have been limited to informal discussions with colleagues within the City and County Councils, Officers from Sustrans including the current Bike It Officers and representatives of some of the schools.

4.0 Options and Options Analysis (including risk assessment)

4.1 Funding from Sustrans for links to Schools

	Option 1: That the grant offer be accepted and approval given for a procurement process for this works in combination with the Section 106 funds from the Globe Arena.	Option 2: Not to accept the offer of the funding.	Option 3: None
Advantages	Increased amenities for cycling to schools. Builds on the skills and infrastructure developed in delivering the CDT project.	None	
Disadvantages	None	This would miss the opportunity to encourage more sustainable travel options for school pupils and staff as well as other members of the community.	
Risks	There is a small element of risk that costs could exceed the budget but robust estimates have been used for the bid and additional funding from our revenue budget would be available.	Reputational risk that the Lancaster City Council is not taking opportunities to promote sustainable transport measures	

4.2 Local Sustainable Transport Fund

	Option 1: That the council note the bid in consortium with Sustrans , Devon County Council and	Option 2: That the council do not take forward this bidding process.	Option 3: None

	36 other local authorities and authorise officers to work up the bid if successful in the first round and report further details when available.		
Advantages	Further funding to promote cycling	None	
Disadvantages	None	Missed opportunity for funding to promote sustainable transport within the district	
Risks	None	Without continued funding the infrastructure and initiatives already in place from the CDT Project could go into decline and suffer	

4.3 Partnership working with The County Council

	Option 1: That the Head of Regeneration & Policy be given delegated authority to agree partnership work with the County Council to deliver cycling schemes, subject to there being no additional call on City Council budgets	Option 2: Do not work in partnership with the County.	Option 3: None
Advantages	Builds on existing partnering experience and provides fee income for work.	None	
Disadvantages	None	Missed opportunity for funded partnership working and loss of fee income for staff time	
Risks	None	Reputational	

4.4 Support for the Continuation of the Bike it Officer

	Option 1: That the Council continue to work in partnership with Sustrans and support the Bike it Officer with £16.7k from Public Realm revenue budget.	Option 2: Do not offer this support	Option 3: None
Advantages	Builds on existing partnering and continues valuable work to encourage school pupils to cycle safely and responsibly. Supports other proposed works (Links to Schools at Westgate & Heysham)	None	
Disadvantages	Commits City Council revenue budget	Local schools will lose the resource to encourage their pupils to use bicycles safely and responsibly	
Risks	None	Reputational	

5.0 Conclusion

Sustainable methods of transport such as cycling are increasingly important for health, environmental and wider economic reasons. All of these initiatives improve the provision and encourage the use of cycling as a means of transport. In addition, as they are mainly aimed at educational establishments, they help to establish a healthy culture in young people which hopefully will last throughout their lives.

RELATIONSHIP TO POLICY FRAMEWORK

Corporate Plan Priorities - Partnership Working (Lancashire County Council and Lancaster District Children's Trust) and Climate Change and Sustainable Community Strategy priorities - Promote and enhance sustainable forms of transport and provide positive activities for children and young people.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

Positive impacts upon Community Safety (road safety) and Sustainability (travel modes)

LEGAL IMPLICATIONS

Legal Services have been consulted and have no comments to make on this report

FINANCIAL IMPLICATIONS

Links to Schools – 2011/2012

It is the intention that this project will be delivered without any additional impact on City Council resources.

If approved, the Sustrans monies would be claimed quarterly in arrears. The s106 contribution from Morecambe FC has already been paid over to the City Council and is currently held in the other commuted sums reserve.

The General Fund Capital Programme will need to be updated in 2011/12, including the £10k contribution from the Public Realm R&M Revenue budget which covers maintenance on areas such as the River Lune Millennium Park, TERN and Cycle Tracks across the district.

A carry forward request is included as part of the Out-turn Report elsewhere on the agenda.

These areas have deteriorated at a much slower rate than anticipated and have, to date, required only a minimal amount of repair. A carry forwards request is to be submitted for the resulting under spend in 2010/11 to be brought forwards. This would further enable £10k to be taken from the revenue budget in 2011/12 to contribute to the Links to Schools project without hindering the maintenance works that need to be carried out this financial year, or creating an overspend within the Public Realm budgets.

It is felt that this project can be carried out using existing staff resources. However, if workloads do increase during the year, there is currently a vacant post budgeted for within the Engineers Team which could be filled, if required.

In terms of ongoing maintenance it is the intention that these cycle tracks (along with all the cycle tracks across the Lancaster and Morecambe area) will eventually be adopted by County who will then assume responsibility for their maintenance. To date the infrastructure created by the main Cycling Demonstration Town (CDT) project has lasted well and required very little repair, therefore it is anticipated that until adoption is agreed, ongoing maintenance can be met from within existing budgets.

Local Sustainable Transport Fund (LSTF) – 2012/13 to 2014/15

At this stage there are no implications for the City Council in submitting this bid in partnership with Devon County Council.

If the business plan is successful and the full £483.5k is accepted (£195k Capital, £288.5k Revenue) it is the intention that the revenue element of the project will be delivered by Sustrans through their Bike It Officers. It is thought that the capital element of the project can be delivered by the City Council with existing staff resources and, as mentioned previously, there is a vacant post within the engineers team that can be filled if workloads become unmanageable.

As a condition of the grant offer, the City Council is required to find match funding in the form of a local contribution towards the overall costs of the measures put forwards in the bid. An exact amount or % isn't specified but the higher the contribution, the higher the chance of a successful bid. To date the City Council has identified £360k in eligible match funding over

the three years the project is to run. The majority of which is 'in kind' contributions such as staff time, accommodation and existing R&M maintenance budgets. An assumption has been made about planning gain (s.106) income based on previous years' income which may not materialise. In this instance officers may need to find alternative sources of match funding or the chances of a successful bid could be reduced.

Partnership Working with County Council – 2011/12

A meeting is due to take place in the next few weeks between officers at the City Council and County Council. Until this takes place the precise details of how this arrangement will operate are unknown in terms of the type and location works to be carried out, funding and ongoing maintenance.

Under the main CDT project County Council paid an amount over to the City Council each year to carry out specific works and cover staff time. It is anticipated that the proposed partnership working will be on a similar basis and that there will be no additional impact on City Council resources. If, during the discussions with County, the City Council is asked to make a contribution to any works, officers will need to report back on the full implications and request approval to proceed.

Bike it Officer 2012/13

The Bike It Officer is employed by Sustrans who have sufficient funding to cover this post for the 2011/12 financial year. It is the intention that in 2012/13 the LSTF will finance the post but this scheme only commences from July 2012. Sustrans have therefore asked for a contribution of £16.7k from the City Council to fund this post between April 12 to July 12.

As mentioned above, there has already been a request for £10k to be taken from the Public Realm R&M budget in 2011/12 to support the links to schools project with Sustrans and it is the intention that the £16.7k funding for the Bike it Officer post, if approved, will also be taken from here in 2012/13. Based on previous years this shouldn't compromise planned maintenance works for that financial year but it is felt that if the carry forwards request from 2010/11 were approved, these additional funds would allow for any unexpected or emergency works that may suddenly arise.

The role of the Bike It Officer has supported the capital works throughout the CDT project by providing training and encouraging increased use of the cycleway in the district. With the proposed works to the Westgate and Heysham High areas in 2011/12 the role would add value to the project and, if the LSTF bid proves to be successful, would continue to support the works carried out over the three year project.

If the LSTF bid proves to be unsuccessful, officers may need to reconsider whether allocating the £16.7k towards this post is still appropriate.

A carry forward request is included as part of the Out-turn Report elsewhere on the agenda.

OTHER RESOURCE IMPLICATIONS

Human Resources:

None

Information Services:

None

Property:

None

Open Spaces:

None

SECTION 151 OFFICER'S COMMENTS

The proposals will involve staff time and could potentially require a currently vacant post to be filled. It therefore follows that these proposals could reduce the scope for making budgetary savings in this area, at least for the duration of the project – meaning that budget savings will be need from other areas. Cabinet is therefore advised to take these points into consideration when reaching a decision. With these points in mind, it is advisable to have clear decision-making arrangements in place to address any need for filling the currently vacant post.

MONITORING OFFICER'S COMMENTS

Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Appendix 1 CDT End of Project Report.

Appendix 2 LSTF Thematic Bid.

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Celebrating Cycling: Lancaster and Morecambe Cycling Town

1. Introduction

The Lancaster and Morecambe Cycling Town project was primarily concerned with utility cycling, targeting the journey to work and school. Cycling England funding was split approximately 70:30 between infrastructure and smarter measures.

Our infrastructure programme has been concerned with 'filling in the missing links' to create a well connected, well signed, safe and user friendly network around the urban core of our district. A particular emphasis has been to improve accessibility and permeability of Lancaster City Centre and its notorious gyratory system.

The smarter measures programme has sought to work with key employers and schools to change travel behaviour. As well as offering a comprehensive training programme to equip beginners and enthusiasts alike with the right skills and confidence to cycle in the district. We have also carried out a comprehensive awareness raising programme to ensure that people think about cycling.

Our overall aim was that the bicycle becomes a normal, viable mode of transport for all journeys.

2. Programme delivery summary

2.1 Infrastructure schemes

The priority of the 2008/11 infrastructure programme was the city centre of Lancaster. Schemes were developed to overcome the barrier presented to cyclists by the gyratory system around the core area and to improve permeability and access into and across the pedestrian zone. Works completed includes 4 Contra flow cycle lanes, 3 Toucan crossings on cross town routes, 7 on road Cycle Lanes new or improved.

The commercial core of the city centre is pedestrianised with severe traffic restrictions, cycling has however now been introduced into approximately a third of the pedestrianised areas with cycling permitted at all times in both directions.

Perhaps the biggest intervention within the city centre, however, was the improvements to the Penny Street Bridge junction, the 'gateway' to the city approaching from the south. The project included 4 crossings upgraded to toucans, numerous cycle lanes with 3 advanced stop lines. It also added a number of new cycle links to the adjacent canal towpath cycle routes east and west, northbound links via Penny Street into the pedestrian zone and a link to the south into Ashton Road to take southbound cyclists away from the major traffic routes.

Completing missing links has been a further priority throughout the Cycling Town project and have been provided on St Georges Quay, Lancaster (2 schemes on NCN route 6), Church Walk, Morecambe (linking a High school to Morecambe town centre) and Morecambe Promenade to Hest Bank. The latter included a new Toucan crossing. Providing Toucan crossings has been a common theme throughout the project either by upgrading existing crossings or adding new at 12 further locations.

Providing new cycle routes or links into our key employment sites has continued to support the work being done by the Workplace Cycling Co-ordinator. Links have been provided at Lancaster University, The University of Cumbria and the Royal Lancaster Infirmary. Bike It Officers have also helped identify new routes to schools including Lancaster & Morecambe College of Further Education and Our Lady's Sports College, Lancaster.

Extending the on road cycle lane facilities and improving them by adding advanced stop lines has also been a common intervention with a further 18 ASL's being installed at major junctions in both Morecambe and Lancaster.

In total 5.4 km of new or improved cycle lanes have been provided throughout the district and almost 5 km of off road routes have been constructed.

2.2 Signage and cycle parking

At the start of this programme, signage was limited and sporadic, and not particularly user friendly. Funding had previously been concentrated on providing new routes and links at the sacrifice of coherent meaningful

signage. The Cycling Town project has gone a long way to address this by providing bespoke, clear signage, with appropriate distances, at all key access points on and along the districts principal off road routes. These included the Lancaster to Morecambe Greenway (part NCN 69 - 5.25km), Canal Towpath (7km), River Lune Millennium Park (part NCN 69 - 8.3km) and Morecambe Promenade (7.3km) routes. In all 93 locations now have bespoke direction signs, these are complemented with standard direction signs to/from the nearby highway network.

The new coast to coast long distance cycle route (NCN 69) opened in September 2011; this is fully signed from the start point on Morecambe sea front promenade to the Lancashire/Yorkshire county boundary. This amounts to a further 19.6km of comprehensive directional signage.

New routes now include directional signage to compliment the existing cycle route network.

Between July 2008 and March 2011, a total of 1176 cycle parking spaces have been installed throughout Lancaster and Morecambe. This represents a 51% increase in the availability of cycle parking. The new spaces have been installed at schools (714 new spaces - courtesy of very successful Bike It officers), workplaces (60 new spaces), Universities (110 new spaces), Lancaster & Morecambe railway stations (32 new spaces), Lancaster city centre / pedestrian precinct (80 new spaces) and at numerous other private/public locations as and when requested e.g. Morecambe Football Club, allotments, churches, care homes, local businesses and other charitable organisations (180 new spaces).

2.3 Workplace engagement programmes

Between July 2008 and March 2011, Lancaster with Morecambe Cycling Town engaged with 6 major employers in the District. All of the employers were public sector organisations reflecting the high level of public sector employment in the area. The workplace programme has been a key element of the Cycling Town programme and, following consultation with Cycling England, work was focused on a limited number of the largest employers in the District.

The workplaces were chosen based on number of employees, location on the existing and proposed cycle network, existing commitment to encouraging more people to cycle to work and support for a combined programme of cycle promotion from both senior management and a dedicated key contact. The workplaces where a dedicated individual has the responsibility for travel have without question enjoyed the benefits of the Cycling Town project to its full extent.

Since 2008 the key workplace programme in Lancaster and Morecambe has engaged with over 7,500 people, or 15% of the total District workforce. In addition to this focused work the project has also engaged with smaller workplaces through an annual workplace cycle challenge in 2009 and 2010 and ad-hoc support for cycle to work days. Since 2009 we have held three 'Breakfast on the Bridge' events on the Millennium Bridge in Lancaster, offering free breakfast to cycle commuters. Each event was themed, for example in September 2010 we gave away free lights and in March 2011 we helped Lancashire Police launch Operation Chainguard, an innovative project to reduce cycle crime in the District.

The workplace cycle challenge engaged with 34 businesses and 95 participants in 2009 whilst in 2010 this increased to 64 engaged businesses and 200 participants. The workplace cycle challenge was run on a budget of less than £500 in each year, making best use of free social media tools and a small number of high-value prizes, many of which were donated by local businesses.

Our key workplace programme has consisted of a range of support activities for the major employers including grants for cycle parking, maintenance workshops, employer-specific maps, bike breakfasts, bike loan scheme, cycle training, setting up of Bicycle User Groups, subsidising cycle equipment (locks and lights) and providing best practice advice, e.g. on implementation of Cycle to Work Scheme. On average we have worked with the employers to deliver 4 bike to work days per year as a minimum level of engagement.

Highlights of the workplace programme include assisting Lancaster University to launch Green Lancaster which is a volunteer organisation overseeing many of the Universities environmental projects. Green Lancaster sells new and reconditioned bikes (sourced from a local bike recycling charity) to both staff and students, a service which has proved incredibly popular. Their 'hub' on campus also sells essential cycle accessories at a significant discount and distributes advice and maps. The Cycling Town project assisted in purchasing high-viz vests for Green Lancaster in addition to paying for training for a number of volunteers. This work has been supported by a joint initiative between Lancaster University and the Cycling Town project to open a fully equipped cycle workshop on-site where cyclists can repair their own cycles.

The Cycling Town project started to work with University of Cumbria in 2009 with a very low level of cycling. Following a series of BUG's and Cycle to Work Days we quickly ascertained that there was a need for secure cycle parking and safer route into campus from staff and a lack of availability of affordable bikes for students.

Working closely with UoC and their Students' Union, the Cycling Town project increased secure cycle parking significantly on campus which saw an immediate and obvious rise in the number of cyclists on campus. UoC contributed towards a new cycle route into campus which has been well received whilst Vélocampus Cumbria has launched with 50 bikes available to hire for £35 per year.

Other initiatives with key workplaces include the opening of a Cycle Maintenance Workshop, new changing/shower facilities and the delivery of a dedicated cycle map for Lancaster and Morecambe College. Lancaster City Council purchased 12 pool bikes for staff to use for business and leisure use whilst the addition of three new secure cycle sheds at Lancaster and Morecambe Town Halls and White Lund Depot have helped to make commuting for business between the sites more attractive to staff.

The Cycling Town project provided a grant to Royal Lancaster Infirmary for secure cycle parking which was lacking prior to 2008 whilst a new cycle route into the rear of the hospital site has proved popular with both staff and school children cycling to a nearby school. The impact of the Cycle to Work bike purchase scheme should not be underestimated in increasing the number of people cycling to work, it has played a significant role in encouraging people to purchase a good quality cycle for commuting.

2.4 Events & Promotion

Between July 2008 and March 2011 we organised a wide range of events designed to enhance awareness of cycling as well as activities for people to take part in, plus a number of promotional activities including:

- General awareness raising events included Party on the Prom (annually from 2007), Friday city centre roadshows, annual Bike Week activities, Bike Film Festival with local independent cinema (every March/April 2006 – 2010). We estimate that approximately 25,000 people have come into contact with the Celebrating Cycling project as a result of all the events we have organised.
- Women on Wheels rides: we ran 25 rides and a total of 252 women attended.
- Bus back advertising in the spring/summer 2009
- General promotional activities include the creation of stand alone website (Feb 2006) and an email bulletin which has c.1500 subscribers. Between July 2008 and December 2010 our website had over 254,600 individual visits (not hits) – with an average of c.9,800 per month.
- We produced 3 Celebrating Cycling supplements in the Council's magazine which is delivered to all households in the district (c.60,000).
- Other publications: New - City Coast & Countryside guide, Family Cycling guide and Cycling for All 2 route guide. Plus an annual events guide and updated cycling maps.

2.5 Cycle Training

Cycle training has been a key element of our project. Equipping people of all ages, with the right skills, knowledge and confidence to get out on their bikes is key to getting more people cycling.

We have carried out a range of training for all ages and abilities. Child specific training is reported in the next section. Between July 2008 and March 2011 we carried out the following training:

- 429 people have attended a free bike maintenance course (including 124 at women only courses and 41 at local workplaces).
- 78 skills sessions at level 2 or 3 (including 55 level 3 sessions with Lancashire Police)
- 44 women only cycle skills sessions, 106 1-2-1 sessions and 3 Bike Buddy

2.7 Schools and young people

From September 2008 1720 children have taken part in Bikeability training to level 2.

596 covered and 118 uncovered cycle spaces have been installed at Bike It schools; funding has been from the CDT project, from the schools Travel Plan grants and from Sustrans. Before Bike It there were 179 spaces in place in these schools of which only 32 were covered.

29 schools in total have engaged with Bike It and have benefitted from a varied programme of activities, tailored to meet the needs of each school. Most Primary schools have participated in cycle skills, Dr Bike, bike rides (for families and Bikeability pupils), Learn to Cycle (learning to ride without stabilisers), Wheely

Wednesdays, Action days, Cycle to school days with bike breakfasts, annual virtual bike races and maintenance and puncture repair classes. Individual projects that have worked well in selected (mostly Secondary) schools include bike loan schemes, a bike breakfast card, after school clubs, and self esteem sessions and rides for girls.

Bike Club was successfully established in Lancaster and Morecambe in September 2009 and has gone from strength. It has targeted hard to reach groups such as the economically disadvantaged, transient groups and young people with a disability.

At the time of writing, there are eleven Bike Clubs offering a wide range of activities to young people. These range from after school bike rides at Skerton High School to an innovative media based project at Ridge Community Centre, with Loyne School purchasing some adapted bikes for their disabled pupils and Bowerham Primary and Ryelands setting up clubs for their key stage 2 pupils. Ripley St Thomas has purchased a fleet of mountain bikes for their Duke of Edinburgh group. Morecambe Youth and Community Centre and Carnforth Youth Services both have exciting cycling projects planned for the summer.

We have also run holiday programmes for children, which have proved to be extremely popular. 670 children and young people have attended courses in Bikeability, Cycle Skills, Learn to Cycle and Bike Maintenance. With over 400 of these attending a Learn to Cycle course.

We have also run a number of children focused bike sessions alongside some of our events such as the Bike Film Festival and the 'On your Bike' cycling exhibition at the City Museum, where children could learn about bike maintenance and take part in arts and crafts. At a number of other open events (Party on the Prom, Bike It Picnic) we ran similar sessions such as dustcap and handlebar tassel making.

We have also supported our local Go Ride club 'Salt Ayre Cog Set' which meets every Saturday morning between March - October. There are regularly 70-80 children ages 6-18 turning up to improve their skills and make the most of the Salt Ayre cycling facilities. The group often organises trips such as mountain biking, bmx-ing and riding at the Manchester velodrome.

3. Expenditure

	DfT funding July 08 – March 11	Match Funding	TOTAL	Other Match
Capital	£1,200,319	£1,555,000	£2,755,319	£458,708
Revenue	£438,579	£140,497	£579,076	£36,600

4. Reflection

Reflections...

With regards the infrastructure programme the 'wish list' was always larger than the funding/time available therefore if schemes could not progress for whatever reason then there were always others that could be brought forward. Specific problems were encountered for instance with regards cycle routes on private land. In one example, at the Royal Lancaster Infirmary, negotiations to run a route through the site took over 3 years; however the route was finally completed in 2009 and has been deemed a success by all concerned. A similar route nearby through a private housing estate (Haverbreaks) has never been completed due to objections from a handful of residents following 3 or 4 years of negotiation, alternative routes have since been identified and implemented.

The most successful element of the programme has been having a co-ordinated capital and smarter measures project. Previously any network improvements were accompanied by little or no marketing and other activities such as training. The CDT project has allowed us to move away from the 'build it and they will come' model to one that means new cyclists can be encouraged to use infrastructure such as on road cycle lanes and ASLs by offering training, providing route maps and working with schools and employers to promote cycling.

Another successful element of the programme was providing support, staff time and funding, to the Bike It officers, this contributed to the installation of a substantial number of new secure cycle parking spaces (596 covered and 118 uncovered) to numerous schools around the district

The Workplace Cycling Co-ordinator was tasked with working with 5 or 6 key employers, the majority of these fully embraced the support, help and advice offered. Good examples include the Cycle Hire Scheme at the University of Cumbria now run by the Students Union and Lancaster University embracing and delivering on

its Travel Plan. On the other hand other employers were tougher nuts to crack, Lancaster City Council and Lancashire County Council in particular, it was assumed 'getting our own house in order' would be easy, it proved to be the contrary, however even the tough nuts can be cracked, some success has still been achieved within the City Council where provision of substantial (30 cycle) secure covered cycle parking shelters, although initially having little impact, but when combined with the newly introduced 'cycle to work scheme' (tax incentivised) is proving to be a considerable success, judging by the increasing number of staff bikes in the shelters.

It became clear quite early in the project that previous investment in cycling had delivered the easy, quick wins. Implementation of the 08/11 programme included cycle routes or interventions which were more difficult to not only obtain approval for but also more challenging to construct, for example working within the city centre on the busy gyratory system.

Insights...

Had we known in 2005 that the project would go beyond its original 3 years then we would have looked more seriously at creating a bigger cycling projects delivery team, particularly on the engineering/construction side of the project. It seems a common theme that cycling Towns have relied on a small number of dedicated officers.

Develop a robust workplan from community/stakeholder involvement early in the programme, ideally before award, to minimise lost time during the delivery phase where time is precious and consider the benefit of infrastructure interventions in relation to intended potential users to get the most out of the funding and follow up with targeted marketing to either geographical area or specific target audience.

Shout VERY LOUDLY about the project and in particular successful interventions or events whether it is in your own organisation or more widely in local press or media - the message cannot be hammered home or repeated enough. We still found that after 3 years of the Cycling Town project there were still people within our own organisation who were unaware of what we were doing.

Future...

With regards future funding we would continue to develop our cycling network as we believe there is still much more that could be done to make cycling safer and more visible and continue with the majority of the marketing and/or promotional activity. Identifying the right target market is important in this respect continuity of Bike It and Bikeability is crucial, maybe expanding this to secondary schools and higher education establishments would be beneficial.

5. Lessons learnt – case studies

See attached three case studies of aspects of your programme where we have learnt a lot and would like to share with other local authorities.

- Vélocampus Cumbria
- Women On Wheels
- Morecambe promenade

Accompanying spreadsheet

See attached spreadsheet template providing numerical information to accompany this report.

Accompanying map

- See attached maps of the Lancaster & Morecambe District and the city centre which show:
- the infrastructure that was already in place at the start of this programme
- the infrastructure which you have provided or 'refreshed' (with both Cycling England funding and match sources) as a result of this programme
- the main routes and feeder routes that have been signed since June 2008
- significant landmarks which help to understand the end of programme report
- Key employers (UoC, LCC, RLI, PCT, LU, LMC), schools with improvements, Salt Ayre, city centre

CASE STUDY ONE:

vélocampuscumbria

Vélocampus Cumbria

Vélocampus Cumbria is the all-encompassing name for a range of cycling interventions introduced at University of Cumbria's Lancaster Campus through a joint initiative with Lancaster and Morecambe Cycling Town (CT), University of Cumbria (UoC) and University of Cumbria Students' Union (UCSU). The main component of Vélocampus Cumbria is the student bike hire scheme introduced in March 2010. Other initiatives include provision of secure cycle parking, new signed routes through campus and regular promotional events.

Following a series of Bike to Campus days, feedback from students showed a lack of access to an affordable bike on campus was a problem in encouraging them to swap the car for a bike. UoC prioritised reducing car use due to parking issues on campus and in the immediate residential area around campus.

In late 2009 additional funding from Cycling England was allocated to the Vélocampus Cumbria project enabling the purchase of 50 new Trek urban bikes and a range of bike parking solutions. A significant discount was secured with a local bike shop to supply the cycles which were delivered for launch in March 2010. It was determined that as UoC did not have a permanent resource in Lancaster to administer the scheme that UCSU would operate the Scheme on a day-to-day basis.

The CT team and UoC representative travelled to Leeds University to look at their successful Vélocampus operation and decided to set up the Vélocampus Cumbria with only a few minor tweaks (based on a much smaller operation). We found this to be a very useful trip which helped to avoid some minor, but not immediately obvious, mistakes in setting up a bike hire scheme. Leeds University also helped us put together the documentation for this scheme.

In 2010 UoC were reportedly in financial difficulty resulting in redundancies which also affected UCSU, amongst other departments within the University. Morale on campus was low and cycling was not a priority for any of the parties involved. The CT team increased the support they could offer at this difficult time to launch the bike hire scheme and we were pleased to see over 25 of the bikes hired out in the first year.

Getting the branding right for the scheme was a key element of the project, from the style of bike through to bike shelter branding and social media promotion. The CT team were conscious not to allocate the entire budget to purchasing the bikes and have no resources to market the scheme intensively.

The bikes cost £35 per year to hire with a £100 refundable deposit, depending on the condition in which the bike is returned. Feedback from students suggests that the £100 deposit makes the scheme unattractive; this is currently under review by UCSU. As the cost of attending University increases in coming years we anticipate the level at which the refundable deposit is set to be a major factor in the ongoing success of the scheme.

Bike Hire Costs (excl. VAT):

50 x Trek 7.0FX plus mudguards – £11,500

Accessories (lights/locks/pumps/etc) - £1,300

Leaflet Printing - £200

Internal/External Banners/Shelter branding - £1,400

The future of Vélocampus Cumbria looks bright, it is likely that the refundable deposit will be lowered in the near future and UCSU support for the project has increased with an individual given sole responsibility for admin and promotion.

The bike hire scheme was complimented by highly visible additional secure cycle parking outside the main UoC building and student halls of residence, and new signed routes through campus.

CASE STUDY TWO:



Women on Wheels

The Women on Wheels (WoW) project aims to increase the number of women cycling in our district.

According to the 2001 census only 1.8% of women in the Lancaster District regularly cycle to work as opposed to 5.6% of men.

There are numerous reasons why fewer women than men choose to cycle therefore we undertook two surveys to try and find out about specific local barriers. We also organised a range of activities to encourage women at all levels to 'give it a go' in a friendly, supportive environment.

- In 2007 we started running monthly rides under the Women on Wheels banner. From July 2008 to March 2011 we ran 25 WoW rides and a total of 252 women attended.
- A survey carried out in 2008 showed that women are interested in cycling more:
 - Over a third classed themselves as not confident or unable to cycle
 - 79% had a bicycle
 - 40% cycled at least once a week, while 8% never cycled at all
 - 2% regularly take their children to school by bike and a further 9% would consider doing so
 - Almost 83% expressed an interest in cycling more
- As part of this project we have also offered the following activities:
 - Regular women only bike maintenance courses at beginner, intermediate and advanced levels
 - Skills training course for complete beginners and new cyclists as well as a follow on on-road course
 - Women's introduction to mountain biking courses (5 sessions with 35 women attending)
- We send out a regular WoW e-bulletin and in early 2009 produced a WoW newsletter, full of useful tips and information.

The success of the project has been partly down to just giving local women the opportunity to meet each other and take part in activities with other like minded women, without having to feel worried about just turning up.

CASE STUDY THREE:**Morecambe Promenade**

The Prom was officially opened to cyclists in April 2007 with the repeal of a bylaw. The previous byelaws, which dated back to 1907, included no beating of carpets or provoking dogs to bark.

The Prom provides 8km of traffic free cycling with fantastic views across Morecambe Bay to the Lakeland Fells. The Morecambe Promenade Cycle Route won the Cycling Improvements category at the 2009 National Transport Awards.

Cycle flows have certainly increased along the prom. June 2008 saw an average of 291 cyclists a day, increasing to 376 in 2009 and 477 in 2010. Over the same period, monthly peak flow rose from 706 to 726 to 750 cyclists in one day. June to August 2010 saw over 37,000 trips recorded. This data refers to just one of the two counters.

The Prom is an important part of our cycle network. It is directly linked to the Lancaster – Morecambe Greenway, to the village of Heysham and since 2009, to the Lancaster Canal at Hest Bank – providing a 17 km circular off road route linking Lancaster, Morecambe and Hest Bank.

As well as being an important utility cycle route the Prom also offers cyclists and pedestrians a high quality environment. As part of the Tern Project there are artworks celebrating the area's birdlife and natural history and a statue of Eric Morecambe (see above left). The route also passes the Midland Hotel, a 1930s art deco hotel, recently reopened as the centrepiece of a major regeneration project – see right.

The Prom is now the starting point for the newest coast to coast route – the 170 mile Way of the Roses from Morecambe to Bridlington, which opened in September 2010.

Costs

Link from Hest Bank canal to Prom link (including toucan crossing) - £133,000

Works on Prom (statutory signage and link to Knowllys Road) - £87,500

Bespoke direction signage - £15,000

Access to Education

Local Sustainable Transport Fund
Large Project



Local Sustainable Transport Fund - Application Form

Guidance on the Application Process is available at:

www.dft.gov.uk/pgr/regional/

Bids for both small projects and initial proposals for large projects should be no more than 20 pages long.

Applicant Information

Lead authority: Devon County Council

Partner authorities (36):

Cambridgeshire County Council; Essex County Council; Hertfordshire County Council; Norfolk County Council; Suffolk County Council; Leicestershire County Council; Lincolnshire County Council; North Lincolnshire Council; Northamptonshire County Council; Darlington Borough Council; Durham County Council; Hartlepool Borough Council; Cheshire West and Chester Council; Lancaster City Council; Liverpool City Council; Sefton Council; Wirral Borough Council; Buckinghamshire County Council; Hampshire County Council; Reading Borough Council; Southampton City Council; Cornwall County Council; Gloucestershire County Council; Swindon Borough Council; Torbay Council; Wiltshire County Council; Birmingham City Council; Shropshire County Council; Stoke-on-Trent City Council; Warwickshire County Council; Bradford Metropolitan District Council; Calderdale Council; Kirklees Council; Leeds City Council; Sheffield City Council; City of York Council

Senior Responsible Owner name and position:

Ian Harrison, Head of Economy and Enterprise, County Hall, Room AB2,
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Tel: 01392 382150, Email ian.harrison@devon.gov.uk

Bid Manager name and position:

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Contact telephone number: 0117 915 0230

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Postal address: Sustrans, 2 Cathedral Square, College Green, Bristol, BS1 5DD

Website address for published bid: www.devon.gov.uk/ltp3

SECTION A - Project description and funding profile

A1. Project name: Access to Education

A2. Headline description:

Our shared vision is to transform local school and other education journeys to increase the mode share of walking, cycling and public transport, and thereby to help reduce congestion (to support economic growth) and reduce carbon emissions. We will achieve this by delivering a series of local integrated packages of proven interventions in and around educational settings that enable children, young people, their families, staff and neighbouring communities to travel more sustainably more often. Each package has been developed in response to local needs and will complement or add value to existing local plans, including individual LSTF bids.

A3. Geographical area:

This is a national thematic bid for a co-ordinated programme to operate in 37 local authority areas across England (outside London).

A4. Type of bid (please tick relevant box):**Small project bids**

Tranche 1 bid

Expression of interest for Tranche 2

Tranche 2 bid

(please complete sections A and B only)

Large project bids

Key component bid

Large project initial proposals

A5. Total package cost (£m): £55.71m

A6. Total DfT funding contribution sought (£m): £29.032m

A7. Spend profile:

£,000	2011-12	2012-13	2013-14	2014-15	Total
Revenue funding sought		4,423	4,667	4,784	13,875
Capital funding sought		3,002	6,406	5,749	15,157

Local contribution		14,833	6,637	5,208	26,678
Total		22,259	17,710	15,741	55,710

A8. Local contribution

The total local contributions currently identified to match the LSTF funding in each local area are £26.68 million. This includes £23.82m in cash and £2.86m in in-kind support (including officer time and office accommodation). Letters identifying the match funding in each local authority area are included in Appendix A. *[NB: some of these letters refer to Bikeability and funding for financial year 2011/12; these demonstrate commitment to the education journey but have not been included in the match funding figures above].*

In many of the local authority areas there will be significant further spend, either capital or revenue, that will 'match' this bid, but that funding has already been included in their own LSTF bids and so is not duplicated here. Similarly, as all partners are committed to tackling journeys generated by education there will typically be much greater expenditure in each area over the funding period, including from LTPs, section 106 and PCTs, which is still to be identified.

Additional capital funding of £8 million is proposed in this bid for links to schools or other educational establishments, to augment the effectiveness of the work already included within each local package. This money would be at least matched locally, but the match funding cannot yet be identified.

Sustrans has negotiated a 20% discount on cycle parking available to all partners from Lockit-Safe Ltd, a cycle parking manufacturing company (a letter of support is included in Appendix B). They will negotiate similar deals with other suppliers. Assuming total spend of around £2.3m on cycle parking then this can be valued at £0.58m.

FigureHead Intelligence, who developed the Eco Check audit and monitoring tool for schools with Devon CC, have offered to set up the baseline data from this year's School Census for all participating local authorities (if they want to go on and use the Eco Check tool). Devon CC and Sustrans will explore this offer further with all relevant partners through stage 2.

In addition, Sustrans is actively exploring opportunities for corporate sponsorship, for example for targeted tools or resources for different educational settings.

A9. Partnership bodies

This bid is lead by Devon County Council, working closely with Sustrans. The following 36 local authorities are all partners in the bid:

Cambridgeshire County Council; Essex County Council; Hertfordshire County Council; Norfolk County Council; Suffolk County Council; Leicestershire County Council; Lincolnshire

County Council; North Lincolnshire Council; Northamptonshire County Council; Darlington Borough Council; Durham County Council; Hartlepool Borough Council; Cheshire West and Chester Council; Lancaster City Council; Liverpool City Council; Sefton Council; Wirral Borough Council; Buckinghamshire County Council; Hampshire County Council; Reading Borough Council; Southampton City Council; Cornwall County Council; Gloucestershire County Council; Swindon Borough Council; Torbay Council; Wiltshire County Council; Birmingham City Council; Shropshire County Council; Stoke-on-Trent City Council; Warwickshire County Council; Bradford Metropolitan District Council; Calderdale Council; Kirklees Council; Leeds City Council; Sheffield City Council; City of York Council

Letters from each of these authorities are included in Appendix A (these letters also identify local match funding).

In each local area there will be numerous other local partners. We have included a sample of letters of support from different types of local partners in Appendix B. These local partners will include:

- **Local schools** – collectively we will work with hundreds of primary and secondary schools across the 37 local authority areas through the 42.5 FTE Bike It or similar officers working there. Many of these have been identified already, and are keen to be involved (for example in Devon). A sample letter of support is included from Baysgarth School representing North Lincolnshire Schools Sport Network

- **FE/HE institutions** – through the bid 18.5 FTE officers will be employed to work with FE colleges or with universities. Sample letters of support are included from North Lindsey College, University of East Anglia, Cambridge University and Spen Valley Sports College

- **PCTs or other NHS bodies**- sample letters of support are included from Sheffield, Cornwall, Norfolk, Cambridgeshire, Swindon and Wiltshire. Sustrans and local LA partners will engage with PCTs or other NHS bodies in each of the local areas as we develop the more detailed stage 2 business plan

- **Other local authorities** – in each area, LA partners will work with relevant other local authorities. Sample letters of support are included from Norwich City Council and Fenland District Council

- **Local cycle forums/ groups/ clubs** – a sample letter of support is included from North Lincolnshire Cycle Group

- **Local strategic or community organisations** such as Neighbourhood Forums, Area Action Partnerships, Area Boards or Community Area Partnerships. A sample letter of support is included from Launceston Forum (Cornwall)

- **Local bus companies** or community transport organisations

- **Other voluntary sector organisations** – including providers of Bikeability or other cycle training

- **Rural Community Councils**

- **Local sports and play partnerships** – see the sample letter of support from North Lincolnshire Schools Sport Network

- **Local police** – a sample letter of support is included from Humberside Police.

Private Sector – Sustrans will work with a number of different private sector suppliers of cycle parking and other equipment and will negotiate discounts for participating schools and colleges with them. As an example, Sustrans has already negotiated a 20% discount on cycle parking from one such company, Lockit-Safe Ltd, available to all schools or colleges participating in the bid.

EAUC (The Environmental Association for Universities and Colleges) – they will work with Sustrans, local partners and their member universities or colleges in relevant locations to help deliver sustainable transport solutions. A letter of support is included in Appendix B.

SECTION B – The local challenge

B1. The local context

The journey to school is central to shaping both daily travel behaviour and lifelong travel habits. It is a key issue in a range of local plans and strategies across the 37 local authority areas, including Local Transport Plans. It has significant local economic, environmental and social impacts in all the local authority areas where this programme will operate, as summarised below.

Supporting local economic growth: across England the morning school run accounts for 21% of car trips in urban areas at peak times. This has a big impact on local congestion at the time when many people are travelling to work. For example, City of York Council notes that *“average traffic speeds across the city are significantly affected by the high number of trips related to the school run.”* which means that *“journey times are much longer in term time”*. The Cabinet Office values delays to journeys caused by congestion at £10.9 billion per year. It is a significant problem for local businesses, for example the Kirklees survey with employers (2009) identified traffic congestion as a major concern. Reducing congestion is identified as a priority in nearly all partners’ LTPs. For example Suffolk CC note the importance of the thematic bid for *“reducing congestion throughout Ipswich and improving journey time reliability”*, helping to meet LTP objectives of *“a prosperous and vibrant economy”*.

In many of the areas where we will be working to tackle the education journey, plans for further housing growth will put even greater pressure on local networks that are already congested at peak times, including for example in Ipswich, Norwich, Northamptonshire, Cheshire West, Stoke-on-Trent and Southampton. Investment in measures to enable more children and young people to choose to walk and cycle to school can therefore help to reduce local congestion and increase the reliability and predictability of journey times for others highway users, even as new residential developments come on stream.

Schools and colleges are key to both individual and wider travel habits, as they are places that children and young people have to travel to. Evidence suggests that focusing on journeys to and from such destinations is an effective and efficient approach to changing travel behaviour and increasing levels of walking and cycling. For example levels of cycling typically double at Sustrans Bike It schools. In the Sustainable Travel Towns, following investment in integrated packages of measures to promote sustainable travel similar to those proposed in this bid, car use for the journey to school fell by between 9% and 17%. Cycling levels at the universities in Leeds increased by 40% for students and 50% for staff following intensive engagement through the UtravelActive project.

Increased levels of walking and cycling will help to reduce public spending on school transport, which reached nearly £1 billion last year. Promoting children's independent mobility, through increased walking and cycling in particular, will also help all pupils to benefit from increased choice and competition in schools provision, including the poorest pupils who do not have access to private transport. With the closure of the Education Maintenance Allowance, which many students used to support the cost of travel, walking and cycling have a key role to play in ensuring affordable access for all to education and training opportunities (vital for ensuring a skilled workforce into the future). Closure of EMA was noted for example as a particular issue by Darlington BC, and Durham CC note that *"access to education is seen as a challenge within the area, with clear links demonstrated between sustainable travel, health benefits and educational achievement."* In Kirklees lack of mobility is a key factor contributing to *"the high level of young people who are not in employment, education or training."*

Travel by staff and students to FE/HE institutions also places significant demands on local transport networks, and demand that varies across the year. For example Sheffield CC note that *"Sheffield's University and further education campuses are located in the City Centre or on key routes into the City so the mode of travel to those establishments has a critical impact on some of the most heavily used sections of the highway and public transport network."* Promoting sustainable access is an ideal and cost-effective way to help manage this demand and alleviate local congestion. Other economic benefits to promoting walking and cycling include reducing the need for car parking spaces within institutions and a healthier and more productive workforce.

The move to a new school, or from school to college/ university, are key transition points in lives when new travel choices are often made. By focusing on those transition points we can help to ensure that sustainable travel patterns are maintained or established. This has been identified as a priority by a number of partners within the bid, including Devon, Swindon, Liverpool, Shropshire, Wirral and Cheshire West and Chester.

In more rural counties such as Devon, promotion of car-sharing also has a role to play, to reduce single occupancy car use amongst staff and students and thereby help reduce local congestion.

Cutting carbon: on average, transport generates 16% of schools' carbon emissions (pupil travel 7%, staff travel 2%, school transport 7%). Between 1990 and 2006 emissions from school travel increased by 59%, the largest percentage increase within the overall carbon footprint for schools. In 2009 51% of 5-16 year olds used motorised travel as their main means of getting to or from school, although the average school journey is just 1.5 miles for primary and 3.3 miles for secondary schools. Furthermore these journeys generate a disproportionate share of emissions because car engines use more fuel driving at peak times in urban areas as a result of stopping, starting and queuing. In line with the 2008 Climate Change Act, schools were set the target of reducing travel emission levels by 34% for 2020, with particular emphasis on increasing walking and cycling to school as sustainable, low carbon alternatives.

From 1990 to 2006 overall carbon emissions in the HE sector increased by 32% and transport, including business travel and commuting by staff and students, accounted for 35% of the sector's baseline carbon emissions. Following the Climate Change Act the sector is committed to reducing carbon emissions by 34% by 2020. Travel for education can also have significant impact on local air quality. For example, in Warwickshire "*road transport has been identified as the most significant contributor to elevated air pollution levels*" and within this school-related traffic identified as a major contributor.

In the short term, it is recognised that changing travel behaviour offers rapid carbon savings and a well-understood carbon reduction pathway for the sector. For example, a 40% modal shift from car to bicycle for primary school children in primary schools would deliver savings of 90,626 tCO₂e by 2020 whilst secondary schools would deliver savings of 71,092 tCO₂e, the level needed to meet reduction targets. A 40% modal shift from car to walking would lead to savings of 141,282 tCO₂e from primary schools and 98,340 tCO₂e from secondary schools. Evidence shows that children who cycle, for example on the journey to school, are more likely to cycle as adults. Promotion of walking or cycling to school is therefore also important for achieving longer-term low carbon travel. This is borne out elsewhere in Europe where countries with high levels of cycling show peaks of cycling levels amongst young people.

Social issues: the prevalence of obesity increased from 1995 to 2009 from 11% to 16% amongst boys and from 12% to 15% amongst girls aged 2 to 15. Obesity or being overweight has not just immediate health consequences but also longer-term: obese children are more likely to become obese adults, reducing their life expectancy and increasing their risk of developing a range of conditions including coronary heart disease, stroke, cancer and type 2 diabetes. The 2007 Foresight Tackling Obesities report showed that without urgent action to change behaviour, nearly 60% of the UK population could be obese by 2050, at an annual cost of £49.9 billion in today's prices. Obesity in young people has also been found to have adverse effects on social and economic outcomes in young adulthood, such as educational attainment and income. Walking or cycling on the journey to school is recognised as an ideal way of helping to prevent obesity. Evidence suggests that students who exercise regularly and who walk or cycle to school also perform better academically and demonstrate better concentration and behaviour in class. Furthermore, active children are more likely to become active adults. Childhood obesity is a particular problem in many of the areas that will be targeted through this bid, including for example in Southampton, Sefton, St Helens, Durham and Darlington where levels of childhood obesity are above regional and national averages.

Research suggests that children who walk or cycle to school are more actively engaged with their community and environment and have wider social networks than children who are driven to school. This can help to increase future job prospects: a recent study revealed that over half of employers said they will be looking to employ people that are socially and environmentally responsible.

Parents accompany 84% of 7-10 year olds and 30% of 11-13 year olds to school in the UK, primarily because of fear of traffic danger. This need to accompany

children on the journey can in turn provide a barrier to parents wishing to return to work, as it restricts the opportunities available. Recent research by Sustrans shows that investment in 'safe' walking and cycling routes does make parents more likely to let their children cycle and walk independently. This is in part because they can be more confident that there is a critical mass of people using the route, including other parents who will informally watch their children.

Research suggests that children who walk to school develop better spatial awareness and more road sense than children who are driven to school, and that motorists are less likely to collide with pedestrians and cyclists if more people walk or cycle. Therefore programmes which increase the number of children who walk or cycle to school represent an effective strategy for altering motorist behaviour, improving road safety and reducing the risk of accidents around schools.

B2. Evidence

Baseline data about the journey to school is collected through the National Travel Survey (NTS) and the School Census. Latest data from the NTS shows that education (including escort) accounts for 11% of all trips made. The average trip length for primary school children is 1.5 miles; for secondary 3.3 miles. This is well within walking or cycling distance for the relevant age groups. In spite of this, 42% of trips to primary school are made by car and 22% of trips to secondary school. Breaking this car travel down further:

- 16% of trips to primary school under 1 mile are made by car (7% for secondary)
- 62% of trips to primary school from 1 to 2 miles are made by car (21% for secondary)
- 76% of trips to primary school from 2 to 5 miles are made by car (51% for secondary).

Of all escort education trips, 73% were followed by a trip to home, showing that it is a journey that is known and can be easily planned.

The School Census data for 2010 shows that less than 2% of all trips to primary and secondary school are made by bike. However, evidence from Sustrans' Bike It schools shows that 46% of children want to cycle to school, again highlighting the potential for change.

Proven interventions such as Sustrans Bike It, developing safe walking and cycling links to, or networks around, schools and promoting active travel within universities can help to realise this change. For example:

- In 2009/10 Sustrans **Bike It** project led to an increase from 14% to 27% in the number of pupils saying they cycle regularly, and a reduction in the number of children who travelled by car every day across hundreds of Bike It schools. Bike It has been recognised as a key enabler of successful school travel plans, achieving high levels of participation and change
- **Links to Schools** consistently increase walking and cycling not just on the school journey but more widely, and show an average BCR of almost 4:1 (using a conservative interpretation of the WebTAG guidance).

- **Combining the two** has even greater effect. For example, Bike It began at a school in Ashford that had just benefited from a Links to Schools scheme in June 2007. The number of children cycling to school regularly (once a week or more) increased from 28% at the start of Bike It to 66% after one academic year. One year later the number of children cycling to school regularly was sustained around the same level, at 67%.

- Following a range of interventions at the **universities and teaching hospital in Nottingham**, including infrastructure improvements and direct engagement, the percentage of staff cycling to work increased from 8% to 13% over the course of a year and for students the proportion of cycling trips increased from 5% to 7%.

To provide baseline figures, all schools that we or our partners work with through the thematic bid will be asked to ensure they provide up-to-date information to the School Census. They will also be recommended to use monitoring and audit tools such as Eco Check or the School Travel Health Check. As project managers, Sustrans will ask all FE or HE institutions to use a common before and after travel behaviour survey developed by their Research and Monitoring Unit (RMU). They will also provide help to partners who are investing in carrying out before and after surveys on samples of new links to schools or other educational establishments and will encourage authorities to install counters on new routes. We will draw upon Sustrans' expertise, and our own, to ensure an effective and appropriate monitoring and impact reporting structure is in place across the thematic partnership.

B3. Objectives

The local packages of measures in each area will all help to deliver local LTP objectives. As an example, we set out below how the thematic bid will support Devon's LTP3 objectives. The issues identified are similar across all partner local authorities.

Devon & Torbay have a joint LTP3 vision: *Devon & Torbay's transport system will offer business, communities and individuals safe and sustainable travel choices. The transport system will help to deliver a low carbon future, a successful economy and a prosperous, healthy population living in an attractive environment.* Over the next 15 years LTP3 will focus delivery on sustainable, low carbon travel that supports economic growth. This will be through investing to achieve lasting behaviour change and reinforcing this with targeted capital investment.

The LTP has five objectives:

- Deliver and support new development and economic growth
- Make best use of the transport asset and protect the existing transport network by prioritising maintenance
- Work with communities to provide safe, sustainable and low carbon transport choices
- Strengthen and improve the public transport network
- Become the 'place to be naturally active.'

The measures supported through this thematic bid will be focused mainly in three key areas - Exeter and its surrounds, Newton Abbot and surrounding area including Kingsteignton; Totnes and surrounds - complementing and adding value to the package of workplace measures proposed in our own LSTF bid. This thematic bid will help to meet the LTP3 objectives by:

- Encouraging a shift to more sustainable modes of travel for the school journey to tackle local congestion in these three fast-growing or already congested areas
- Ensuring that pupils, staff and wider communities are aware of and have the skills/ confidence to use existing infrastructure for walking, cycling or public transport, whilst undertaking targeted improvements to 'unsafe' routes
- Working with schools, colleges and surrounding communities to promote sustainable low carbon transport choices, with a particular focus on transition periods between primary to secondary and secondary to FE/HE
- Providing opportunities for increased use of public transport and car sharing where most appropriate (a number of schools in Devon have large sixth forms with a high percentage of drivers; many staff are single occupancy car drivers)
- Providing training, education and awareness-raising to encourage physically active travel to school and FE/HE.

SECTION C – The package bid

C1. Package description

Scheme element 1) A local package of measures from each of the Local Authority partners. Each local authority partner has put together a package of measures to meet local needs and build upon existing or planned activities. They include a combination of direct engagement measures, such as Bike It officers or officers working within FE/HE settings, and infrastructure measures within and around educational settings (including improved walking and cycling routes/links and cycle parking). A summary of the package in each LA area is included in Appendix C. The total cost to LSTF of these individual packages is £18.49m (£7.14m capital and £11.35m revenue).

Scheme element 2) Additional capital money to extend the infrastructure work in the 37 local authority areas. This element of the bid would provide additional funding to extend the infrastructure work in the local packages above to create further links to schools or other educational settings. This additional investment in infrastructure will further underpin behaviour change work and ensure a lasting legacy. The total cost to LSTF would be £8 million. This would be at least matched from local funding sources. Whilst this money is intended to augment the work of local partners, Sustrans as project managers could also make it available to other local authorities across the country to spread the LSTF funding more widely.

Scheme element 3) Supporting measures. All partners will be provided with a range of supporting measures by Sustrans, including web-based toolkits, information resources for schools and colleges, training and support for local volunteers and technical design advice. This will add value to local delivery by ensuring quality standards and through evidence-based learning, sharing best

practice, creating opportunities for skills and knowledge development amongst partners, building in sustainability and ensuring a legacy within each local authority and educational establishment. The total cost of this support is £1.9m over the three years, which also includes the cost of Sustrans' project management for the local packages and additional capital investment.

Scheme element 4) Monitoring and evaluation. This element would enable additional monitoring to be undertaken, over and above the very basic level included within local packages. The basic monitoring covers data collection and analysis for hands up surveys in schools which have a Bike It officer and before and after travel surveys in FE/HE where project officers are working (developed by Sustrans' RMU). No other data collection or comprehensive analysis is covered by the basic monitoring. Alongside the basic monitoring all partners will be encouraged to conduct monitoring of new infrastructure projects implemented, including through before and after route user surveys and automatic counters (funding to be sought locally or from the local package allocation). Sustrans' RMU will oversee the monitoring across the thematic programme and provide help to partners where they are allocating funds towards monitoring.

The actual impacts and outcomes, and therefore assessment of the value for money delivered by the programme as a whole (and the additionality through the combination of projects), could be much improved by having an additional monitoring budget. This would enable Sustrans' RMU to:

- Collect, analyse and report data across all parts and combinations of the programme, at least on a sample basis, to assess whether the value for money estimation undertaken for this bid has been met or exceeded
- Assess to what extent multiple projects in the same location lead to higher impact and stronger outcomes
- Provide more detailed support to local authority partners in undertaking local monitoring of routes and other infrastructure (such as cycle parking) implemented through the programme
- Gather more robust evidence on the impact of local interventions, including more detailed evidence about mode shift on the school journey and the impacts this has on wider family and community travel behaviour to improve the assessment of value for money
- Work with DfT to apply, test and develop the carbon tool and other tools for assessment and appraisal of sustainable transport schemes.

The cost would be £150k per annum which could be scaleable up or down depending on the data that DfT would like to see coming from LSTF-funded schemes. The data generated would also contribute to the development and provision of learning opportunities across the thematic bid partners.

Scheme element 5) Devon CC management. As the lead authority Devon will be responsible for overall financial management - submitting grant claims to DfT, receiving all grant money from DfT and passing the grant money onto Sustrans to manage and distribute to other partners. Devon will submit regular progress reports to DfT as required (ensuring that Sustrans has collated and received all the necessary documentation from partners). They will also ensure, with Sustrans, that all partners comply with the DfT's terms and conditions. The total cost of this overall management will be £176k.

C2: Package Costs

Scheme element 1	£K	2011-12	2012-13	2013-14	2014-15	Total
Local packages	Revenue		3611	3827	3913	11351
	Capital		1995	2902	2245	7142
Scheme element 2	£K	2011-12	2012-13	2013-14	2014-15	Total
Additional capital	Revenue					0
	Capital		1000	3500	3500	8000
Scheme element 3	£K	2011-12	2012-13	2013-14	2014-15	Total
Supporting measures	Revenue		603	632	662	1897
	Capital		7	4	4	15
Scheme element 4	£K	2011-12	2012-13	2013-14	2014-15	Total
Monitoring and evaluation	Revenue		150	150	150	450
	Capital					0
Scheme element 5	£K	2011-12	2012-13	2013-14	2014-15	Total
Devon CC management	Revenue		59	59	59	176
	Capital					0
GRAND TOTAL						29032

C3. Rationale and strategic fit

Transforming education journeys demands locally-tailored packages of measures that combine engagement within education settings with investment in infrastructure to improve sustainable access to and around sites. Addressing all these factors together has greater impact than individual measures alone and ensures the benefits of each are locked in. This is, we believe, a fundamental strength of this bid. The local packages include a range of tried and tested interventions to increase walking, cycling and public transport use on the education journey, including Sustrans' Bike It, Links to Schools and work within colleges and universities (building on Sustrans' and others' experience in e.g. Leeds, Lincoln, Nottingham and other universities).

Sustrans will provide locally-tailored packages of support for all participating schools and colleges to ensure that maximum benefit is obtained from the infrastructure and direct engagement measures. Establishing this thematic bid as a learning partnership from the outset will bring additional value by ensuring that all partner authorities are able to share, learn from each other and evolve further solutions. This approach builds on Devon's experience through the CDTs and Sustrans' experience of sharing information across other 'portfolio' bids such as Connect2. This is something we know encourages sustainability and we will use our combined experience to ensure we share learning and build capacity across all stakeholders as efficiently and effectively as possible.

Key transition points in children and young people's lives form a focus to many of the local authority packages. This ranges from engaging with early years and the transition into primary school (a key point in establishing family journey habits on the school journey) and the move into further education colleges or sixth form, when young people are able to become car drivers. Through the learning partnership we will be able to share and develop the understanding of how proven interventions can be tailored to meet further market segmentation to

influence travel behaviour at these key transition points, providing additional value to this thematic bid.

Each package of measures will complement a wide range of local plans including:

- **LTPs** – these are typically focused around making the best use of local transport networks, reducing congestion and encouraging modal shift to low carbon active travel. This thematic bid clearly complements all of these
- **LSTF bids** – all local authority partners have or will be submitting their own (or be part of wider) LSTF bids. In every case the package of measures proposed here will build on or complement those proposals, but will not duplicate them
- **Climate Change Act** – encouraging a shift to more sustainable modes of travel will help schools, colleges and universities to meet their carbon reduction targets
- **Travel Plans** - the thematic bid will enable the aspirations set out within school, college or university travel plans to be realised and build on the work carried out by School Travel Advisers
- **National and local strategies to increase physical activity and tackle obesity** - each package will be designed to overcome local barriers and enable children, young people, staff and their families to choose more physically active forms of travel
- **Supporting increased parental choice in schools** – each package will encourage and enable children’s independent and affordable mobility, making it easier to access schools of choice
- **Sustainable Mode of Travel to Schools Strategies** – each package will help to deliver these strategies that are developed by local authorities to implement their obligations under the Education and Inspections Act.

In the evaluation of the DfT/DfE Travelling to Schools Initiative, 65% of schools identified future support needs to encourage further walking and cycling, and nine out of ten schools may or will require support to implement their travel plans. Walking and cycling initiatives such as Bike It, new walking and cycling routes, footpath improvements or cycle parking, were recognised as key enablers for a School Travel Plan.

The packages of measures proposed in each local area will benefit the wider communities in areas where we work and will not have a negative impact on individual groups or surrounding areas. For example, where new links are created then evidence from Sustrans’ Links to Schools programme shows increases in use on these links for commuting, shopping, personal business and leisure as well as for the education journey. Evidence from Bike It schools suggests that parents and wider families can become more physically active themselves after the Bike It intervention. Increased physical activity is important to help combat a range of issues in adults including obesity and coronary heart disease. Many of the local packages will operate in socially disadvantaged areas which typically experience higher incidences of obesity and other ill-health.

Across the country there is strong community support for promoting sustainable and active travel on the education journey. For example:

- Most schools have now prepared a School Travel Plan, and 9 out of 10 identified a need for help in implementing them (evaluation of the DfT/DfE Travelling to Schools Initiative)
- Over 15,000 named school contacts have signed up to receive information from Sustrans' school travel team on a regular basis.
- Sustrans experiences huge demand from schools and local authorities who want the Bike It project and 99% of headteachers at Bike It schools would recommend the project to other schools (BI Schools Survey, Jan 2010). The large number of authorities participating in this thematic bid also demonstrates the widespread demand to tackle the education journey.

Evidence shows that children and young people want to walk and cycle more. For example, over 2,500 Key Stage 2 and 3 pupils entered Sustrans' schools competition in Spring 2010 to write to the incoming government about what would make it easier to walk and cycle to school. The most popular suggestions were better and safer roads, followed by more cycle storage and training in schools. Over 72% of children at Sustrans' Bike It schools say they want to walk or cycle to school. Their parents say that local provision of safe routes is a priority for them in making decisions about their child's travel mode. New research by road safety charity Brake shows that with investment in safe cycling facilities, an additional 20% of adults could be persuaded to get on their bikes to improve their health and reduce carbon emissions and congestion, improving the likelihood of children cycling more too. The success of Devon's work in the Exeter CDT, work in the other CDTs and Sustrans' work over the last 7 years on Links to Schools and Bike It, shows again that children and young people will choose to walk and cycle more with the right infrastructure, information and support.

Each local authority partner within the bid has identified strong local community support for the package of measures they have proposed (and a sample of support letters is included with this bid). This local support includes:

- from the schools they will be working with (a very high proportion of schools in each area have completed School Travel Plans, demonstrating their commitment to promoting sustainable transport)
- from the colleges or universities they will be working with
- through various local consultation exercises, including for LTP3 or for specific local initiatives
- from various stakeholder engagement exercises, including for their own LSTF bids
- from local surveys (for example a Travel Attitude Survey in Southampton revealed that 81% of residents thought the Council should invest in Smarter Travel initiatives)
- from local cycling groups, forums or campaigners
- through Local Strategic Partnerships, local area boards or similar bodies.

SECTION D – Value for money

D1. Outcomes and value for money

Whilst we will be delivering an integrated package of interventions in each of the 37 local authority areas, to enable Sustrans to estimate the overall outcomes, impact and value for money of the thematic bid they have broken down the whole proposed package into individual 'known' sets of measures and then combined these across the programme. These measures are Links to Schools, Bike It, Higher/Further education packages (HE/FE), cycle parking and Personalised Travel Planning (PTP). To assess value for money they have then applied the following existing tools, recommended and recognised by the DfT, to each of the sets of measures:

- The DfT's recently launched carbon tool to estimate CO₂ savings
- HEAT – health assessment tool for cycling used by the DfT's WebTAG framework to estimate health benefits
- Decongestion benefits, using standard methods recommended by DfT
- The recently launched EAST to provide a summary in accordance with DfT guidance
- Social and Distribution Impact (SDI) based on the DfT guidance

Table 1 summarises the overall expected impact from the local packages. Further detail on the impacts of the individual sets of measures is included in Appendix D.

Table 1: Summary of expected impacts from local packages

Access to Education package	<ul style="list-style-type: none"> • EAST assessment indicates strong strategic fit, carbon, environment and well-being benefits, and the soundness of the financial case • Carbon savings of on average 5.5 kT CO₂ per year, valued at £3.2 million over ten years • Decongestion benefits of £50.9 million over ten years • Nearly 6 million additional cycle and pedestrian journeys annually with an estimated health benefit of £214.5 million over ten years • SDI assessment highlights diversity among beneficiaries and equitability in sharing of benefits • It is expected that the programmes outcomes and impact will be 'more-than-the-sum-of-the-parts'
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Outcomes from local packages: the aggregated values in tables 2 and 3 below are based on the sum of measures identified above which were quantifiable at the bid stage. Sustrans expects to make an improved assessment of the overall programme in collaboration with the DfT as the bidding stage progresses.

Table 2: Summary of outcomes

Financial Year	Annual benefits		
	2012/13	2013/14	2014/15
kT CO₂ saved	2.8	5.5	8.3
Reduced car trips	£1,389,000	£2,777,000	£4,166,000
Reduced car kilometres	£3,254,000	£6,508,000	£9,762,000
Additional cycling and walking trips	£3,017,000	£6,034,000	£9,051,000

Table 3: Summary of monetary value of estimated benefits

Financial Year	Per year			Total over three-year period	Projected total over 10-year period
	2012/13	2013/14	2014/15		
Economic growth – decongestion	£2,226,000	£4,301,000	£6,233,000	£12,760,000	£50,873,000
Reduced CO₂ emissions	£141,000	£273,000	£395,000	£809,000	£3,226,000
Physical activity and health promotion	£681,000,	£4,606,000	£10,808,000	£16,096,000	£214,543,000
Total benefit	£3,048,000	£9,180,000	£17,437,000	£29,665,000	£268,643,000
LSTF bid value					£18,493,000
Total value of investment (including match funding for Links elements)					£23,052,000

Summary of qualitative benefits: EAST identifies the differences between each type of intervention, which vary from infrastructure interventions to softer measures. Although the proposed interventions all work towards the same goals of encouraging and enabling more walking and cycling to education institutions, the degree to which they encourage particular aspects of behaviour change differs. EAST also identifies the lack of negatives in the bid, with no trade-offs or contradictions between objectives and impacts. The summary of the whole bid demonstrates the often considerable benefit of the individual elements of the proposal. When brought together in the same location, the success and impact of a combined package is anticipated to be greater and more widespread than could be achieved with individual projects working in isolation.

The interventions proposed will have positive impacts on many levels. Through infrastructure and soft measure interventions, barriers to walking and cycling which currently exist will be overcome. This leads to increased accessibility, security and affordability and reduces severance. Any reductions in car use due to increased walking and cycling for trips to education institutions also leads to better air quality and a reduction in accidents and noise. The proposed package will increase options for personal mobility for all who live in the areas where interventions are happening, bringing positive user benefits. On the reverse, there are no negative impacts as existing transport options are not removed or prevented. This means there is no reduction in affordability, access, security or air quality. There are no increases in noise, severance or accidents.

Additional capital money to extend infrastructure work: investing an additional £8 million with match funding to the same value in infrastructure such as links to schools and local walking and cycling networks across the 37 local authority areas would have additional impacts, as outlined in Table 4.

Table 4: Summary of benefits for bid with an extra £8 million for capital works (for Links to Schools/ local networks)

Financial Year	Per year			Total over three-year period	Projected total over 10-year period
	2012/13	2013/14	2014/15		
Economic growth – decongestion	£119,000	£230,000	£334,000	£683,000	£2,723,000
Reduced CO ₂ emissions	£33,000	£63,000	£92,000	£188,000	£749,000
Physical activity and health promotion	£113,000	£765,000	£1,794,000	£2,672,000	£35,610,000
TOTAL	£265,000	£1,058,000	£2,220,000	£3,543,000	£39,083,000

Outputs: these are listed in E2. Further detail will be developed through stage 2.

Key assumptions: the key assumptions for the calculations are included in table 5 below; more detailed assumptions and calculations are included in Appendix D.

Table 5: Assumptions in estimating the impact and value for money of Access to Education local package elements

Links to Schools	<ul style="list-style-type: none"> • Average car occupancy is 1.63 people per car¹ • The benefit per day has been calculated based on 220 working days in a year, rather than 365 calendar days (this is consistent with usage of routes for commuting, business and education, as well as leisure) • The average length of a one-way adult cycle trip is 4.2km • The average length of a one-way adult walking trip is 1.1km • The average length of a child's one-way cycling journey to school has been calculated as 2.9km (based on the average journey length to primary school (2.6km) and secondary school (5.5km)¹); based on a ratio of nine primary schools to one secondary school benefiting • 90% of all journeys made are return journeys and 10% of all journeys made are one-way trips as used in the WHO's HEAT tool² • The average scheme size is £250,000 with match funding at 50%
Bike It	<ul style="list-style-type: none"> • Average number of pupils engaged in Bike It per school is 200, working with on average 18 schools, which equates to, on average, 3,600 pupils engaged per Bike It officer • Calculations are based on Bike It pre- and post-intervention survey data collected in 2009 and 2010 • Every child who states they are driven to school represents one car • Every child who is never driven to school post-Bike It was driven to school three times a school week pre-Bike It – 114 days per school year • 90% of all journeys made are return journeys and 10% of all journeys made are one-way trips as used in the WHO's HEAT tool² • Of the car trips made to school, a proportion of 0.27 made two trips between home and school per day and a proportion of 0.73 made four trips between home and school per day¹

¹ National Travel Survey (2009) (<http://www.dft.gov.uk/pgr/statistics/datatablespublications/nts/age-school/nts9908.xls>)

² World Health Organisation Health economic assessment tool (HEAT) for cycling (<http://www.heatwalkingcycling.org/>)

HE/FE	<ul style="list-style-type: none"> • Students travel 180 days per year (based on three 12 week terms) • Data are based on travel surveys from universities in Leeds and Nottingham in 2009 and 2010 • 1.63 persons travelling per car¹ • That all journeys would be a return journey in the same time period (off-peak, inter-peak and peak) so one way trip distances were doubled in the carbon tool to account for the return journey • Assumed that there will be 18 officers working in HE and FE institutions and one officer will represent 15,000³ students, potentially over multiple institutions (exact numbers and institutions are as yet unknown). Therefore numbers have been estimated based on the average number of students in HE and FE in England, giving a total of 270,000 students that could be targeted.
Cycle parking	<ul style="list-style-type: none"> • That the increase of 34 cycle trips to 46 schools in Derby, as measured from parked bike data is representative of other similar schemes • The average trip length for children cycling to school is 2.9km (see Bike It above for full assumption based on NTS)
Personal Travel Planning	<ul style="list-style-type: none"> • Based on results from a PTP delivered in Ipswich • 17,000 households will be targeted: 45% is the typical proportion of initial target population who go onto actively participate in PTP therefore 7,650 households stand to benefit • The average household size is 2.32 (2001 Census) • The number of days travelled per year is 341 based on a person spending 341 days of the year not away from home • An average speed for each mode is assumed so that a calculation of distance travelled can be made using the available data of trip length in minutes

D2. Financial sustainability

The measures proposed within individual packages have been designed to be sustained without further funding from DfT. Any infrastructure funded through LSTF will be maintained by the relevant local authority, college, university or school and so will not require ongoing financial support. Legacy of direct engagement activities will be ensured through training local volunteer champions to continue to promote walking and cycling in their school/ college or university after an officer has left. All schools will be encouraged to use accreditation schemes; through structured award systems that set clear, achievable targets, these schemes help to ensure ongoing school commitment to promoting walking and cycling. Opportunities to embed activities into existing structures will also be maximised, such as the NUS Green Impact award scheme, to ensure a legacy. Sharing of learning and training/development for practitioners will help to ensure improved skills and practice into the future. Where there is further demand or need for continuing officer presence locally then local partners will seek appropriate local funding, with support from Sustrans where required.

SECTION E – Deliverability

E1. Implementation

³ The average number of students was based on figures from the Higher Education Statistics Agency (hesa) figures for all students in higher education institutions in England in 2009/10, excluding the Open University (<http://www.hesa.ac.uk/dox/dataTables/studentsAndQualifiers/download/institution0910.xls>)

Implementation of the package of measures will be managed as follows:

- Devon County Council is the lead authority, and as such will be responsible for submitting reports to DfT and claiming all LSTF funding from DfT
- Sustrans will be responsible for all day-to-day management, including managing and passing on grant to other local authority partners, quality assurance, ensuring delivery of stated outputs and outcomes, providing technical and design advice, monitoring and evaluation and drafting reports as required by Devon CC and DfT
- Both Devon CC and Sustrans will play a role in sharing good practice and learning across all partners, establishing a learning partnership that embeds capacity building and sustainability in each setting and for all stakeholders.

Devon CC and Sustrans have had a long and successful delivery partnership, and both have a strong track record of delivering both infrastructure and smarter choices programmes. Sustrans has extensive experience of project management, including through Links to Schools and Lottery programmes such as Connect2, the National Cycle Network and the Active Travel Consortium.

Each local partner will be responsible for delivering the package of measures in their own area. They will be provided with a tailored package of support by Sustrans, to include technical and design advice to ensure appropriate quality standards and web-based tools and resources for schools or colleges. Individual Bike It or other officers will typically be employed by Sustrans and report to the relevant Local Authority officers.

We will establish a high level steering group to include representatives from Devon CC, Sustrans and a sample of other LA partners. This group will meet 6 monthly to review progress and importantly to identify opportunities for sharing information and good practice. It will be chaired by Devon CC.

E2. Output milestones

Detailed output milestones will be worked up through the stage 2 business plan, but in summary would be:

- 1) Appointment of 61 FTE officers to work in schools, FE or HE institutions
- 2) Recruitment of over 500 hundred local primary and secondary schools each academic year (Bike It officers typically work with at least 12 schools each academic year)
- 3) Delivery of a range of direct engagement activities at each participating school or FE/HE institution
- 4) Design and implementation of new links to schools and FE/HE institutions
- 5) Signing and promotion of new links to schools and FE/HE institutions
- 6) Installation of cycle parking
- 7) Production of local Active Travel maps
- 8) Provision of personalised travel information to school communities
- 9) Training and support for local volunteer champions to actively promote walking, cycling and public transport within their educational setting
- 10) Provision of targeted information, tools and resources for schools and FE/HE institutions

- 11) Establishment of cycle hire schemes
- 12) Good practice sharing activities and professional development amongst all partners and stakeholders
- 13) Wider dissemination of evidence and learning from the programme to other practitioners
- 14) Monitoring activities undertaken (e.g. hands up surveys, travel surveys, before and after route user surveys)
- 15) Exit strategies developed that embed sustainable access to education within the core activities of each setting
- 16) Steering group meets twice a year for each of the 3 years
- 17) Production and submission of reports as required by DfT

E3. Summary of key risks

A risk register is included in Appendix E. This will be a working document, and will be regularly updated to reflect the main current risks at each stage of development.

E4. Project evaluation

Devon CC and Sustrans are both happy to cooperate with the Department in evaluating the benefits of the Fund. Please also see the proposal for additional monitoring and evaluation that could be carried out through this bid in C1.



**International Youth Games 2012/2013
7th June 2011**

Report of Head of Community Engagement

PURPOSE OF REPORT			
This report has been prepared in order to seek members views regarding hosting of the International Youth Games in 2013			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan			
This report is public.			

OFFICER RECOMMENDATIONS

1. **Members' views are sought on whether the Council should attend the International Youth Games in Rendsberg 2012 and act as host city to the Games in 2013.**
2. **That, should it be agreed to continue participation in the Youth Games, consideration be given to the future role of the accompanying civic delegation in order to more strongly support the Council's priorities.**

1 Introduction

- 1.1 Lancaster City Council coordinates the district's involvement in the International Youth Games and successfully sent a team out last year to take part in Almere (Netherlands), having previously withdrawn from the games in 2009 when we were scheduled to host them.
- 1.2 The decision of Council to take part in the games in 2010 is set out in Appendix A to this report. The second part of the minute, in particular, signified a long term commitment to the Council's participation in the International Youth Games, in particular the hosting of the Games in 2013.

1.3 In accordance with the decision of Council, a party of 32 young people travelled to Almere in July 2010 to take part in the International Youth Games with teams in the following sports:

- Athletics,
- Badminton
- Rowing
- Tennis
- Swimming

All the children involved were asked to contribute £200 toward the cost of attending.

Accompanying them was a civic party, comprising the Mayor and Mayoress, a Councillor (chosen by ballot, who also contributed £200) and the Head of Democratic Services.

1.4 The Games were very successful with children competing at a high standard. Feedback from parents after the event was extremely positive.

1.5 This years event in Aalborg (Denmark) will take place 2-7th August. For the first time, in addition to sporting activities there is a team entering the competition for children and young people with disabilities and teams representing cultural activity – musicians and dancers.

1.6 The cost of taking part in year varies, mainly as a result of varying travel costs. At the present time the following costs have been budgeted for but confirmation of this budget is still subject to the annual budget process:

2011/12 – Aalborg – £15,400
2012/13 - Rendsberg – £5,200
2013/14 – Lancaster - £53,100

The cost of £53,100 in 2013/14 reflects the fact that Lancaster is scheduled to host the games in that year and is only an estimate at this stage.

2 Proposal Details

2.1 It is clear that having withdrawn from hosting the games in 2009 and subsequently accepted the invitation last year to visit Almere and Aalborg this year, there is an expectation that Lancaster will continue its involvement, including hosting the Games in 2013.

2.2 Following the Games last year a meeting was hosted by Almere on the future of the Games and in particular whether all parties wished them to continue and how they could be developed further. The conclusions reached can be summarised as:

- There is a desire to see the youth games continue
- Participation in cultural activity should be included – drama, music, art
- Costs should continue to be kept to a minimum
- There should be greater contact between the towns between the Games
- Explore potential business and tourism benefits
- Make the Games more environmentally sustainable.

2.3 The detailed planning which took place last year has led to improvements in sports activity and Lancaster district is well placed to include cultural elements both in a travelling team and as part of any future hosting.

2.4 A second meeting was also held at the request of Vaxjo, Sweden (who are not part of the four Youth Games organising towns) to discuss with Almere and Lancaster (the two towns

with whom they are twinned) how or if the association between the three towns could be furthered outside of the Youth Games.

2.5 It was explained that that Lancaster City Council was not in a position to extend its twinning participation at the present time but would be willing to act as a conduit to local businesses, cultural and educational organisations if requested.

1. Options and Options Analysis

	Option 1 To send teams to Rendsberg 2012 and to host the International Youth Games in 2013	Option 2 To send teams to Rendsberg in 2012 and not to host in 2013.	Option 3 To withdraw from both Rendsberg 2012 and the hosting opportunity in 2013
Advantages	<p>Continue to shape the benefits of the Games beyond those of sport and more strongly align with corporate priorities as referred to within this report.</p> <p>Exploration of tourism opportunities that may exist between the countries.</p> <p>Provide opportunities for partners to become involved particularly with the hosting – maximising the diverse and unique offer the district provides.</p> <p>Opportunities to develop the role of the civic delegation.</p>	<p>Financial savings to the Council in 2013/14 – in the region of £53k.</p>	<p>Financial savings to the Council in 2012/13 in the region of £5k and £53k in 2013/14.</p>
Disadvantages	<p>In order to host the games staff resources will need to be maximised and work commence as soon as possible in order to put arrangements in place.</p> <p>Significant cost to the Council</p>	<p>Missed opportunity to showcase the district to the region on a sporting and cultural front.</p> <p>Missed opportunities to further develop other potential (as yet unexplored) benefits taking part in the games might provide.</p> <p>Potential negative impact upon the Council's reputation</p>	<p>Missed opportunity to showcase the district to the region on a sporting and cultural front.</p> <p>Missed opportunities to further develop other potential (as yet unexplored) benefits taking part in the games might provide.</p> <p>Potential negative impact upon the Council's reputation</p>

Risks	An early decision is required with respect to attendance at Rendsberg and also hosting. Delay could increase the risk of venues not being available nearer the time.	There is a risk that the invitation to Rendsberg may be withdrawn. There is a possibility (although unlikely) that the invitation to Aalborg this year could be withdrawn.	Unlikely that any future invitation to participate in the Games would be received.

2. Officer Preferred Option

- 2.1. Following the recent elections, this report provides an opportunity for the new Cabinet to reaffirm (or otherwise) its commitment to continue to take part in the International Youth Games in the light of the ongoing difficult financial climate and the Council's current priorities.
- 3.2 The Officer preferred option is Option 1. Taking part in future International Youth Games provides an opportunity to showcase the district to the region on a sporting and cultural front. It offers other potential benefits which could be developed to offer more support to the Council's corporate priorities.

RELATIONSHIP TO POLICY FRAMEWORK

Attendance and hosting of the International Youth Games helps support Council priorities including visitor economy and partnership working.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

No negative impacts.

FINANCIAL IMPLICATIONS

Although attendance at Rendsberg and the future hosting opportunity have been included in the 2012/13 and 2013/04 budget forecasts as part of the 2011/12 budget process, there is still the opportunity of reviewing future attendance and involvement. An early decision is sought prior to the main budget process, however, as this will provide sufficient time to plan and organise far more effectively.

SECTION 151 OFFICER'S COMMENTS

The Council is still in the position that it needs to make substantial ongoing revenue budget savings – back in March these were projected at around £1M in next year and £1.6M in 2013/14. Whilst it is expected that some savings will be identified as a result of last year's outturn as reported elsewhere on the agenda, it is also considered likely that additional savings pressures may arise as a result of the ongoing Local Government Resources Review.

Cabinet is advised to consider future involvement in of the Youth Games in this context, and what is affordable in terms of priorities. If involvement and attendance is to continue, then savings will have to be identified from other areas. Furthermore, arrangements will be developed to help smooth out future years' budgeting; this would be reported in future budget and Financial Strategy updates.

LEGAL IMPLICATIONS

There are no legal implications.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments".

BACKGROUND PAPERS

Contact Officer: Richard Tulej
Telephone: 01524 582079
E-mail: rtulej@lancaster.gov.uk
Ref:

APPENDIX A

**Council 18 November 2009
Min No. 60**

Resolved:

(1) That the 2010/11 revenue budget be updated by including a sum of £7,000 for participation in the 2010 International Youth Games in Almere, on the basis of:

(a) A civic delegation comprising the Mayor and Mayoress (or consort), a Member chosen by ballot (and contributing £200 to costs to match the contribution requested of participating athletes) and an officer; and

(b) A sporting and cultural delegation to be led by the Head of Cultural Services, or his representative in conjunction with local volunteer individual sports leaders, the size of the party to be determined to a maximum of 68 subject to the net cost of travel being contained within a 2010/11 budget allocation of £7,000 and taking into account availability of volunteer leaders and suitable transport.

(c) This being a final decision and not subject to further debate as part of the current budget process.

(2) In agreeing that the Council should accept the invitation to attend the 2010 games Council accept that this signifies a long term commitment to the Council's participation in the International Youth Games, in particular the hosting of the Games in 2013 and the associated revenue growth bids for 2011/12 be further considered as part of the Cabinet's budget proposals in March 2010.

CABINET

**LDLSP Performance Reward Grant
26th July 2011**

**Report of the Lancaster District Local Strategic
Partnership**

PURPOSE OF REPORT			
To seek the approval of members for the latest proposals from the Lancaster District Local Strategic Partnership (LDLSP) Management Group for the allocation of the one-off Performance Reward Grant (PRG).			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan	31 st May 2011		
This report is public			

RECOMMENDATIONS OF THE LANCASTER DISTRICT LOCAL STRATEGIC PARTNERSHIP

- (1) That Cabinet notes the requirements of the Performance Reward Grant protocol with Lancashire County Council that *“LSP’s shall make recommendations to the District Councils as to the allocation of the PRG and all funding decisions shall be made via this route”* and that *“councils have the responsibility for the proper use of the funds and therefore for formally approving the allocation of the funds”*
- (2) That Cabinet notes the progress made with the Performance Reward Grant initiatives and the formation of an LDLSP Performance Management Sub-Group to ensure outputs and outcomes are delivered
- (3) That, in line with Recommendation 1, that the LDLSP proposals for allocation of Performance Reward Grant are approved as follows, subject to the council’s accountable body requirements, including appropriate financial procedures and performance management:
 - £15k revenue funding to support the development of further hydroelectricity initiatives, via an open, competitive bidding process
 - £100k capital and £5k revenue funding to support the Warm Homes scheme
 - £120k revenue funding to support the Social Enterprise Initiative
 - £100k revenue to support the Cooperative Fund Finding Initiative
 - £70k revenue to support services for the victims of domestic abuse
- (4) That approval for the specific allocations within the domestic abuse initiative, and any further amendments to any of the other initiatives, is

delegated to the Leader of the Council to ensure that the council's responsibilities for Performance Reward Grant are fully met

- (5) That the Council's General Fund (GF) Capital Programme and GF Revenue Budget are updated as appropriate across 2010/11 and 2011/12 in line with expected spending profiles.**

1.0 Introduction

- 1.1 As previously reported to Cabinet on the 15th February 2011, the LDLSP has been allocated a share of the Performance Reward Grant (PRG) received from central government for the successful delivery of the first Local Area Agreement (LAA) for Lancashire. The total amount is £647,446: £357,535.40 of which is revenue and £289,910.60 is capital.
- 1.2 Decisions on how to allocate that funding are the responsibility of the LDLSP Management Group, whose Membership includes the Leader of the City Council plus officer support (provided by the Deputy Chief Executive), as well as a number of Cabinet members in their role as Chairs of the LDLSP's thematic groups.
- 1.3 At its meeting on the 15th February, Cabinet noted the four initiatives proposed by the LDLSP Management Group but requested that the LDLSP review its spending priorities in the light of the current economic climate and pressure on public sector budgets.
- 1.4 In response the LDLSP Management Group convened a special meeting on the 1st March to discuss funding allocations. They confirmed that the PRG initiatives are appropriate in the current financial climate and will actively assist organisations in the district deal with funding cuts e.g. by helping them move to a social enterprise model, and access strategic funding as part of district-wide projects. The initiatives also tie in to the Council's own corporate priorities (see 'Relationship to Policy Framework' below). They did however agree to underwrite nine Police Community Support Officer posts for 2011/12 using the LSP's other main source of income: Second Homes Funding received from Lancashire County Council. A process was also agreed for distributing the remaining Second Homes Funding to allow organisations working within the district to bid for funding to support innovative and sustainable projects.
- 1.5 The proposals for the use of the PRG therefore remain as previously advised to Cabinet:
- Warm Homes – insulation for 2000 homes in the district, targeted towards those at risk of fuel poverty
 - Hydroelectricity – investigating the potential for generating electricity from rivers and streams in the district
 - Social Enterprise – supporting individual organisations to change their business model to focus on financial sustainability as well as social and environmental benefits
 - Cooperative Fund Finding – bringing partners together to attract significant funding to the district for partnership projects

Cabinet also gave specific agreement to use £15,000 revenue to part-fund a study into hydroelectricity feasibility across the Forest of Bowland, which was commissioned towards the end of 2010/11.

- 1.6 Since then the LDLSP Management Group has continued to oversee the development of these initiatives, and is now in a position to seek approval for specific allocations. Following a meeting on the 12th April the LDLSP Management Group has also proposed funding a fifth initiative – supporting the victims of domestic abuse – which it is also seeking in-principle approval for £70,000 as part of this report. Further details of all these initiatives are set out in section 2 below, with the current allocated total being £425,000. This is split between £100,000 capital and £325,000 revenue expenditure, and for completeness includes the £15,000 revenue spent in 2010/11 on the Forest of Bowland Hydroelectricity Study.
- 1.7 In order to cover the City Council’s expenses the LDLSP Management Group agreed at its meeting on the 12th April to allocate £25,000 revenue of the PRG to the City Council. This covers all expenditure, both incurred and expected, for the administration and audit of the PRG. This leaves a total of £197,445 (£7,535 revenue and £189,910 capital) for future initiatives, which the LDLSP Team are currently researching. There is no deadline by which the PRG must be spent.
- 1.8 A summary of this financial information is shown below – with the exception of the new initiative, supporting the victims of domestic abuse, all the allocation amounts are identical to those presented to Cabinet on the 15th February.

Item	Revenue allocation	Capital allocation
Total Grant from County	£357,535	£289,911
Hydroelectricity	£30,000*	£0
Warm Homes	£5,000	£100,000
Social Enterprise	£120,000	£0
Cooperative Fund Finder	£100,000	£0
Domestic Abuse	£70,000	£0
Administration	£25,000	£0
Total allocation so far	£350,000	£100,000
Remaining PRG	£7,535	£189,911

*£15,000 already spent in 2010/11

- 1.9 The LDLSP Manager has worked with the City Council to ensure the commissioning processes for these initiatives have been transparent and effective. Going forward the LDLSP Management Group has constituted a Performance Management Sub-Group to continue working with the City Council to ensure the initiatives deliver the expected outputs and outcomes.
- 1.10 These initiatives are complex and amendments to the plans will almost certainly be required – rather than seeking approval from the whole Cabinet it is proposed that authority to approve any amendments to these allocations be

given to the Leader of the Council, as the City Council's representative on the LDLSP Management Group. This will ensure that approval is given in a timely manner. Any new proposals for the allocation of the remaining revenue and capital funding will be presented to a future Cabinet meeting.

2.0 Proposal Details

Hydroelectricity Initiative

- 2.1 The LDLSP has already invested £15,000 in a cross-district project with Ribble Valley and Pendle LSPs to investigate the potential for hydroelectricity across the Forest of Bowland Area of Natural Beauty (AONB). Small-scale hydroelectricity schemes have the potential to provide cheap energy for local communities, reduce greenhouse gas emissions, and helping to build community cohesion. Local schemes may also have the potential to generate a community income stream income from the government's feed-in tariffs (FITs).
- 2.2 Twelve potential hydro sites in the district have benefited from a technical 'Stage One' study of their feasibility, and the results have been publicly distributed. Other sites in Ribble Valley and Pendle have also been surveyed. Two of the twelve sites in Lancaster District, Abbeystead Reservoir and Skerton Weir, are also benefitting from a further 'Stage Two' appraisal which is compiling all the detailed evidence required for the local landowner or community group to attract the actual investment.
- 2.3 The LDLSP Management Group and Cabinet have also agreed in principle to make a further £15,000 pot of revenue funding available to support one or more of these sites in completing any further technical studies required. This funding will build on the work done in the Forest of Bowland Study and could potentially allow further sites to undertake a 'Stage Two' appraisal. It could also assist those sites that have had a full feasibility study already to apply for planning permission, or complete the technical work required to secure external funding.
- 2.4 This report recommends that once the Forest of Bowland Study has been published that expressions of interest for the £15,000 pot be sought from groups needing funding for further technical work at potential hydroelectricity sites. Bids will then be invited from those groups that meet the LDLSP's criteria for this project – a reduction in carbon emissions and a clear benefit to the local community. The funding would not be used for any construction – funds for this would need to be sought from private or community sources, based on the income that a scheme will generate from the government's Feed-In Tariffs. The bidding process will be overseen by the LDLSP's Performance Management Sub-Group, supported by representatives of the Accountable Body, to ensure a transparent and effective use of funds.

Warm Homes Initiative

- 2.5 The LDLSP Management Group has agreed to use £100,000 of capital PRG

to attract at least £750,000 of matched CERT (Carbon Emissions Reduction Trading) funding from utility companies. This will give the district a fund to provide grants for insulating homes (e.g. cavity wall, loft and hot water tank, amongst others), reducing fuel poverty, excess winter deaths and CO₂ emissions.

- 2.6 The LDLSP, advised by the City Council, has undertaken a tender process to appoint a not-for-profit Managing Agent to run the scheme. Following the process the LDLSP has agreed to appoint TADEA Ltd, an experienced not-for-profit organisation who have successfully run similar CERT schemes for a number of other local authorities. This appointment is in-principle and subject to Cabinet approval.
- 2.7 TADEA's role will be to acquire the CERT matched funding, administer the fund, employ contractors and work with partners to promote the scheme. In particular, the scheme will be promoted to those households at risk of fuel poverty (defined as spending more than 10% of their income on fuel for heating) including those with residents over the age of seventy, those receiving benefits, and those with underlying health conditions. The CERT and PRG funding will allow these 'at risk' households to receive free insulation, and the scheme will also offer partial but still generous grants to those households that are better off. The scheme has a target of over 2000 homes being insulated by September 2012, which based on the experiences of other authorities is more than achievable.
- 2.8 The work of the Managing Agent will be overseen by the Performance Management Sub-Group of the LSP and supported by the stakeholders from the LSP's Affordable Warmth group, which includes Council officers, the Primary Care Trust (and its successors), and the Home Energy Service. The LDLSP will also make a contribution of £5,000 to the marketing costs of the scheme, the remainder of which will be borne by TADEA.
- 2.9 This report recommends that Cabinet approve the appointment of TADEA as Managing Agents of a 'Warm Homes' scheme that will commence from August 2011 and offer free or subsidised insulation to households across the district.

Social Enterprise Initiative

- 2.10 The LDLSP has agreed to support local organisations in developing their services into social enterprises. The social enterprise model means a focus on financial sustainability, as well as social and environmental benefits. The initiative will also support the wider social enterprise sector as a whole, and raise the profile of social enterprises with public sector commissioners.
- 2.11 It has been agreed that the LDLSP will use £100,000 to directly support both individual organisations and the social enterprise sector as a whole during 2011-13. This work will be delivered by a provider, who will be allocated up to £20,000 to cover their staffing and administration costs.

- 2.12 Advised by the City Council, the LDLSP has undertaken a tender process to appoint a provider to run the scheme. Three tenders for the initiative were received and the LDLSP has agreed to appoint Shared Future Community Interest Company (CIC) as the main provider, subject to Cabinet approval.
- 2.13 In summary the plan for the use of the funds is as follows:
- a) £50,000: to go directly to organisations using two rounds of ‘participatory budgeting’ where those organisations bidding for funds decide who should receive them, based on the LDLSP’s priority criteria
 - b) £35,000: for 1:1 advice and assistance for organisations to be sourced from another organisation
 - c) £5000: for support and development of key groups of stakeholders to oversee and direct the work of the initiative
 - d) £10,000: for a collaboration and innovation fund to provide long-term benefits, such as a micro-finance loan scheme, shared procurement, etc

Shared Future CIC has also pledged to match the £20,000 administration fee with a similar value of pro-bono work by their directors.

- 2.14 The interview panel were very impressed by the individual support element of the Help Direct bid and felt that (b) and (c) above could best be delivered by Help Direct as the LDLSP’s nominated contractor – an acceptable procurement technique. Their work would be overseen by Shared Future CIC on behalf of the LDLSP, and who would retain overall responsibility for the initiative’s success.
- 2.15 This report recommends that Cabinet approve the appointment of Shared Future CIC as providers for the scheme, with Help Direct as the nominated contractor for the individual support element of the initiative.

Cooperative Fund Finder Initiative

- 2.16 The final initiative is a ‘Cooperative Fund Finder’ approach to bring in funds to the district to support key strategic priorities. It has been agreed that up to £100,000 can be allocated to this initiative.
- 2.17 The LSP proposes to fund an ‘LDLSP Strategic Funding Officer’ post based in the LDLSP team, which will secure substantial grant funding to ensure the priorities of the Lancaster District Local Strategic Partnership (LDLSP) are met, and to develop the capacity of local organisations to ensure sustainable funding is put in place for key partnership projects.
- 2.18 Key tasks for the LDLSP Strategic Funding Officer will include:
- To lobby for, acquire and monitor at least £1 million of funding
 - To act as the external funding ‘specialist’ for the LDLSP, informing policy and strategy
 - Support existing multi-agency partnerships in producing joint bids

- To build capacity within LDLSP partner organisations through advice and skills development.
- Promote successful funding applications and funded projects to partners and local people

2.19 The Strategic Funding Officer will be based at Lancaster Town Hall and managed directly by the LDLSP Manager, and their work will be overseen and supported by a steering group of stakeholders appointed by the LDLSP. The post will be evaluated using the normal City Council processes and with on-costs and a small working budget the cost of the post will be no more than £50,000 a year. The length of the employment contract will be determined by the LDLSP Management Group, and the LDLSP will be responsible for any redeployment, redundancy or other cost associated with the termination of employment of the funding officer. .

2.20 This report recommends that Cabinet approve the recruitment of an LDLSP Strategic Funding Officer based within the LDLSP Team at Lancaster Town Hall.

Domestic Abuse Initiative

2.21 Following further work since March in understanding local priorities and issues, the LDLSP Management Group wish to address the issue of support for the victims of domestic abuse – both the current capacity of frontline services to meet demand and the longer-term sustainability of funding in this area. The LDLSP Management Group has allocated £70,000 of PRG funding to tackle this issue during 2011-13. This funding will cover:

- a part-time Independent Domestic Violence Advocate (IDVA) service to cover weekends and bank holidays. The current provision is weekday only and means that high-risk victims referred from partner organisations sometimes have to wait two or even three days to receive appropriate support.
- External staff time towards increasing the awareness and ability of frontline workers across key agencies to understand domestic abuse issues and make appropriate referrals and the IDVA would assist with addressing this.
- Securing of refuge provision for victims of domestic abuse within the district
- Coordination of key funding partners and providers to develop a joint approach to ensure the long-term financial sustainability of domestic abuse services in the district

2.22 This report recommends that Cabinet approve the allocation of £70,000 to commission a part-time IDVA service, secure refuge provision, and provide the staff capacity required to deliver training, develop appropriate referral pathways, and improve communication and coordination of domestic abuse services and funding. Final approval for exact allocations and recommended providers will be sought from the Leader of the Council acting on behalf of the Cabinet.

3.0 Details of Consultation

- 3.1 These proposals have been agreed by the LDLSP Management Group, at which the City Council is represented by the Leader of the Council, supported by the Deputy Chief Executive. A number of Cabinet members have also sat on the Management Group in their role as LDLSP Thematic Group Chairs.
- 3.2 The LDLSP Management Group and the LDLSP Team have undertaken substantial consultation on the nature of the proposed initiatives with LSP members, including an initial away day in May 2010 and subsequently via Thematic Groups
- 3.3 The LDLSP Team have regularly consulted with the City Council to ensure the commissioning processes for these initiatives have been transparent and effective.

4.0 Options and Options Analysis (including risk assessment)

	Advantages	Disadvantages	Risks
Option 1: Approve the proposals	<p>Key priorities for the LDLSP and the City Council will be addressed, including the Climate Change, Economic Regeneration and Partnership Working corporate plan priorities</p> <p>A significant amount of matched funding will be secured for the district</p> <p>Delegation of authority to agree the specific domestic abuse activities will ensure no delay in decision-making</p>	<p>There will be no PRG revenue funding available to address any future issues that arise</p>	<p>Financial and reputational risks: The initiatives are complex and will require strong leadership and management to ensure they are successful. If this is not achieved then any delays or failures could result in a waste of public funds, and reputational risk to the LDLSP and its partners, including the City Council.</p>
Option 2: Do nothing	<p>The PRG funding would be available for other initiatives.</p>	<p>The proposed initiatives will not go ahead, leading to missed opportunities to deliver better services and outcomes for local people.</p> <p>Matched funding via the CERT and FITs schemes will be lost.</p>	<p>Reputational risk: there is the potential for a loss of trust between the City Council and other LDLSP partners</p>

5.0 Conclusion

5.1 The LDLSP has finalised proposals for the proposed PRG initiatives and approval from Cabinet is required to ensure that these benefits are now realised:

- The focus on hydroelectricity will facilitate the development of long-term renewable energy initiatives that will leverage initial investment AND provide a long-term benefit for local communities.
- The 'Warm Homes' initiative will insulate 2000 homes, many occupied by households at risk of fuel poverty, with matched funding maximising the LSP's investment
- The social enterprise initiative will help to create self-sustaining service delivery and will enhance the potential of local organisations in supporting their local communities.
- The fund finder initiative will not only bring at least £1 million of new strategic investment into the district, but will improve the ability of organisations to successfully bid for their own funds in future.
- The domestic abuse initiative will provide direct and immediate support to some of the district's most vulnerable families, as well as helping to ensure a sustainable future for domestic abuse services beyond 2012.

5.2 These initiatives are complex and amendments to the plans will certainly be required – by delegating authority to the Leader to approve those decisions Cabinet will ensure that approval is given in a timely manner

5.3 PRG is a one-off opportunity and these initiatives will ensure that it will meet partner expectations and deliver a lasting legacy in the district. Further initiatives that would benefit from the unallocated capital PRG monies are currently being considered by the LSP. Authorisation for any proposed use of this will be sought in a subsequent report to Cabinet - there is no deadline by which the PRG must be spent.

RELATIONSHIP TO POLICY FRAMEWORK

The Sustainable Community Strategy forms part of the Council's Policy Framework. The initiatives proposed would impact on the Corporate Plan priorities as follows:

- Climate Change – the Hydroelectricity and Warm Homes schemes will reduce CO₂ emissions in the district
- Economic Regeneration - The Social Enterprise Initiative will increase the number of financially sustainable small businesses in the area
- Partnership Working and Community Leadership: all the initiatives will be delivered in partnership, and the Cooperative Fund Finder initiative will help increase the resources available for key partnership projects
- Protecting the most vulnerable in society: those at risk of fuel poverty will be supported through the Warm Homes scheme, and vulnerable individuals and families will be supported through the Domestic Abuse scheme

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

None directly arising (though individual initiatives allocated funding as a result of this process will contribute towards positive impacts in these areas).

LEGAL IMPLICATIONS

There are no legal implications directly arising from this report.

FINANCIAL IMPLICATIONS

The total amount of PRG allocated to the LDLSP is £647,400. The LDLSP has so far agreed initiatives to the value of £425,000, which is split between £100,000 capital and £325,000 revenue. A further £25,000 revenue has been allocated to the City Council for administration, audit and other related costs. This leaves £197,400 (£7,500 revenue and £189,900 capital) to be allocated and Cabinet approval for this will need to be sought in a subsequent report.

It is recommended under the Cooperative Fund Finder Initiative that a new post is created, which may be on a fixed term two-year contract. If this is the case at the end of this period the postholder will be subject to the council's redundancy/redeployment policy, for which all associated costs will need to be met by the LDLSP in the first instance. Potential sources of funding being unspent Cooperative Fund Finder PRG grant, unallocated revenue PRG or Second Homes Funding.

The LDLSP have now allocated the majority of the revenue PRG, so it worth noting that there is a potential risk that for any future capital allocations, which have associated revenue implications, that this element may not be able to be fully supported by the LDLSP and that this will need to be addressed by Partners instead.

Members were advised at the February 2011 Cabinet meeting, that the extra PRG of £169,062 allocated to each district was expected to be split 50/50 between revenue and capital in line with earlier allocations. County have since advised that the split for the final installment is 70% revenue and 30% capital, therefore £33,812 needs to be transferred from the Capital Grants Unapplied Reserve into the PRG Revenue Reserve.

At this stage it is expected that the spending profiles for the proposals will be 50/50 across 2010/11 and 2011/12, although the detail of this is still to be finalised. Subject to Cabinet approval the General Fund (GF) Capital Programme and GF Revenue Budget will need to be updated accordingly, with any reprofiling between years being picked up during the

annual budget process.

The LDLSP Manager has a coordinating role for the financial management arrangements, with support from the City Council. Endorsement by the City Council is also subject to the normal requirements of the accountable body, including performance monitoring and risk assessment.

OTHER RESOURCE IMPLICATIONS

Human Resources:

The LDLSP Strategic Funding Officer will be based within the LDLSP Team at Lancaster Town Hall, and they will be recruited through the usual council processes

Information Services:

No specific implications arising from this report

Property:

No specific implications arising from this report

Open Spaces:

No specific implications arising from this report

SECTION 151 OFFICER'S COMMENTS

In reaching any decisions Members are advised to consider whether they have sufficient information on the various proposals. Some are clearly developed, but the s151 Officer would draw attention to the Cooperative Fund Finder Initiative. It is understood that at the present time, the conclusion that it "will not only bring at least £1 million of new strategic investment into the district...." is based only on an informal assessment. There are clearly risks attached to achieving this objective and these must be considered and recognised, as should the adequacy of any arrangements put in place to manage such risks.

To the extent that that Council acts as accountable body, the Council's Financial Regulations apply and Financial Services would provide appropriate advice and support.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and her comments are incorporated in the report

BACKGROUND PAPERS

Minutes of Cabinet 15th February 2011
 Minutes of LDLSP Management Group 12th April and 21st June 2011.

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CABINET

**Business Improvement Districts for Lancaster and
Morecambe
26th July 2011**

Report of Head of Regeneration & Policy Service

PURPOSE OF REPORT			
To provide background information on the concept of Business Improvement Districts (BIDs) and update members on work towards the establishment of BIDs in Lancaster and Morecambe.			
Key Decision	X	Non-Key Decision	Referral from Cabinet Member
Date Included in Forward Plan	July 2011		
This report is public.			

RECOMMENDATIONS OF COUNCILLOR JANICE HANSON

- 1) Members note the preparations for the introduction of Business Improvement Districts (BIDs) in partnership with Lancaster District Chamber and the local trade associations in Morecambe.
- 2) Members support the intention of Lancaster District Chamber to lead on BID Proposal development in Lancaster city centre.
- 3) Members approve the allocation of £40K (subject to carry forward approval) for Lancaster town centre BID development to the Lancaster Chamber via a formal funding agreement administered through the Regeneration & Policy service.
- 4) An appropriate Cabinet member is nominated to sit on the Lancaster BID Steering Group.
- 5) Future decisions in respect of BID Proposal lead, the use of allocated funds and Cabinet nominee to sit on a Steering Group (or similar body) for Morecambe town centre is dealt with via an Individual Cabinet Member Decision.

1.0 Introduction

- 1.1 At October 2010 Cabinet members approved the allocation of £40K for Business Improvement District (BID) consultancy procurement, and, if appropriate, for

subsequent development work, for Lancaster City Centre under a report on Lancaster Square Routes (minute ref: 51). At the same meeting members approved the allocation of £40K for BID development work for Morecambe under a report on 'A View for Eric', the second Townscape Heritage Initiative for central Morecambe (minute ref: 52).

1.2 This report provides background information on the concept of Business Improvement Districts (BIDs), and an update on work towards their establishment in Lancaster and Morecambe under the following headings:

- Background to the main characteristics of BIDs
- Progress on BID development in Lancaster and Morecambe
- An outline of BID essentials, liaison and engagement issues (or BID 'readiness')
- Potential resource and policy implications for the city council

2.0 Background

2.1 BIDs are a flexible funding mechanism used to improve and manage a clearly defined commercial area. They are based on the principle of charging an additional levy on all business rate payers in a defined area following a positive majority vote by those ratepayers. The levy is typically 1% - 2% of rateable value. BIDs are time-limited, running for up to 5 years before requiring a renewal vote. Local partnerships are developed to undertake work on:

- Deciding the BID area and what improvements they want to make
- How the partnership will manage it and what it will cost
- How long it will last

2.2 At present there are over 70 BIDS in UK bringing an estimated additional £120M into local trading environments. Under voting at least 75% of businesses polled have been in favour. Examples of services or projects funded from UK BID initiatives include:

- Street/business security
- Public realm improvements
- Street, alley, and pavement cleaning and graffiti removal
- Promotions/ public events/ expanding tourism
- Marketing
- Retail retention and recruitment
- Development of parking facilities, pedestrian shelters, public amenities, fountains, parks, kiosks, lighting, benches, and litter bins.

2.3 A BID Proposal (essentially a detailed business plan) is created, and it is the approval of this document that is voted upon (under strictly defined statutory procedure) by those businesses who would have to pay the levy. The BID Proposal development can be led by local businesses, a local authority or any partnership between these key stakeholders. The process of preparing a BID Proposal should clarify:

- Baseline Agreements: a measure of the existing services provided by the public sector to the BID area. This will help potential levy payers identify "added value" of new services proposed.
- Benefits: how each major stakeholder would benefit from the proposals

- Delivery: who/what body will administer the BID and implement the projects that businesses are voting for.
- Risk Assessment: the risk and uncertainty in the light of a successful BID vote e.g. allowance for funding shortfalls, bad debts, appeals, and slippage.
- Liability: what levy ratepayers will be required to pay and its calculation.
- Contributions: sources and amounts of any additional funds which might flow into the BID.
- Budget: the way the funds will be spent and what they will be spent on, including the running and administration costs.
- Performance Management: explanation of objectives along with key performance indicators and expected service outcomes

2.4 If an occupier/owner is liable for rates on more than one hereditament they are entitled to multiple votes up to the number of individual hereditaments in the BID area. On a successful vote, which must achieve a majority of the voting turnout in terms of number of ratepayers and the proportion of their rateable value, the levy becomes mandatory and is treated as a statutory debt in the same way as the Business Rate. The ballot conditions ensure that the vote is not swayed in favour of either small or large business.

2.5 Following a successful vote the BID levy fund and projects defined in the BID Proposal have to be managed and implemented by a defined delivery organisation - the "BID body". It is not essential to create a new legal entity to become a BID body. A secured BID levy fund could technically be administered through the council. However, for developing an independent, business-led partnership it is more common for BID body responsibilities to be controlled via existing independent arrangements, for example the local chamber of trade, town centre management vehicle, or a separate bespoke delivery company to be created.

2.6 Whoever becomes the BID proposer and BID body, the council will have certain key administrative and financial responsibilities. The council, as billing authority, also has the power to veto a BID Proposal where it conflicts with its locally adopted policy framework. In practical terms the use of a veto will be unlikely as the chances of a BID Proposal, which requires close partnership working with the local authority, conflicting with council policies will be remote.

3.0 BID progress in Lancaster District

3.1 BID legislation leaves most structural arrangements to the local authority and local businesses to define. This includes developing the pre and post ballot details of who will 'propose' and later manage the BID, as well as decisions on what projects/proposals are brought forward to meet local needs and aspirations.

3.2 Experience from other BID initiatives shows the most important issue is that of defining and clarifying 'additionality'. A vote will fail if the BID Proposal is perceived to replace what is already being delivered or is revealed to be covering for statutory service shortfalls. Best practice also advises that BID Proposal development, final resource ownership and implementation by the BID body are seen as independent, or at least distanced from, the statutory service providers.

3.3 The Lancaster District Chamber of Commerce, Trade & Industry (the Lancaster Chamber) has longstanding ambitions for a Lancaster City BID. Officers have

discussed with the Chamber how best to use the resource allocated by the city council for progressing a Lancaster BID development. The options included:

BID resource / lead Option	Advantages	Disadvantages
Option 1: Council uses its own staff resource and allocated funds to lead on and deliver the Lancaster BID	Close control of BID Proposal process and ease of integration with local authority service provision.	Staff resource constrained and lacks practical BID Proposal experience. Would lack credibility with the business community. Would be seen as 'council led' and would be difficult to convince business of the 'additionality' of any plans/service improvements suggested.
Option 2: Council employs new staff, temporary staff or consultants using allocated resource to lead on and deliver the Lancaster BID.	Close control of BID Proposal process and ease of integration with local authority service provision.	Resource constrained. Would Lack credibility with the business community. Would still be seen as 'council led' and difficult to convince business of the 'additionality' of any plans/service improvements suggested.
Option 3: Lead undertaken by a credible local partner – The Lancaster Chamber	Fully aware of BID issues and a credible lead Ownership by those who may pay the levy Long term supporter of Lancaster BID.	More challenging for services to be integrated with a BID Proposal. Chamber lacks own human resource and experience in progressing a BID
Option 4: Lead undertaken by a credible local partner – The Lancaster Chamber – supported closely by North & Western Lancashire Chamber of Commerce	Fully aware of BID issues and a credible lead Ownership by those who may pay the levy Long term supporter of Lancaster BID. Experience and additional resource provided by NWLCC who have delivered successful Preston BID.	More challenging for services to be integrated with a BID Proposal.

- 3.4 Both officers and Lancaster Chamber agreed that Option 4 was the best way forward. It was therefore proposed that the Lancaster Chamber take the lead on BID Proposal development for Lancaster using the £40K allocated resources, being closely supported by North & Western Lancashire Chamber of Commerce (NWLCC). The Preston BID was successfully delivered and managed by NWLCC and generates £430K p.a. for new services from 720 hereditaments.
- 3.5 The Lancaster Chamber has formally written to the council noting its willingness to lead on the Lancaster BID Proposal. Involvement of stakeholders will be via a constituted Steering Group (terms of reference attached in Appendix 1) and Members are invited to nominate an appropriate Portfolio Holder to represent the city council on the Steering Group. This Steering Group will effectively be the Lancaster BID 'proposer'. Members should also note it is intended to make the £40K allocated BID resource available to Lancaster Chamber under a formal funding agreement administered by the Regeneration and Policy Service.
- 3.6 The Lancaster Chamber has prepared a draft timetable for the progression of the Lancaster BID. The proposed ballot date of November 2012 (for BID levy collection beginning in April 2013) may appear some way off, but the timescale is typical and in line with national BIDs best practice recommendations for Business Proposal and ballot/post-ballot governance development.

3.7 The route to progression of the Morecambe BID is becoming clear but a definitive view on the way forward was not available for inclusion in this report. Discussions between Lancaster Chamber/NWLCC and the local Federation of Small Businesses, the Morecambe Chamber of Trade and the Bay Tourism Association are ongoing on how best to move leadership of a BID Proposal forward in this area. The ongoing development of the Morecambe Area Action Plan may also be important in influencing the direction and content of a Morecambe BID Proposal.

4.0 BID “readiness”

4.1 For the proposing body to reach a position where its BID Proposal can be presented to the council for formal approval (essential to allow progression to ballot and implementation) a number of steps must be achieved:

- a) The BID proposer must effectively engage local businesses to promote and achieve a sense of ownership and control over the BID.
- b) The BID area must be defined with reference to
 - Marketability: will business in the area support a BID?
 - Sustainability: will the BID generate enough income to sustain a viable programme of projects and provide for competent administration by the delivery body/mechanism defined in the proposal?
 - Deliverability: are issues of a practical and realistic nature for a BID to address
 - Impact: on what sectors/activities should the BID focus?
- c) The proposer must secure accurate, up-to-date information on local businesses and rateable values in the BID area.
- d) Develop the detailed and comprehensive BID Proposal defining what projects will be implemented, how costs are broken down and covered and who will oversee delivery as the BID body. Part of this process may involve agreeing exemptions and allowances.
- e) Consider the logistics of BID/ballot and levy collection in partnership with the local authority.

4.2 Defining the location over which to promote a BID is key. The unique nature of each BID means the only way to determine this is to spend time in liaison and negotiation with businesses in the area. A BID proposer must be able to demonstrate that levy revenue would provide tangible and measurable improvements in, for example, trading performance and crime levels. Local businesses must also consider it to be empowering them in decisions on the environment where they trade and an enhancement to the services already provided.

4.3 Officers have undertaken preliminary work into the potential revenue which could be generated by BIDs in both Lancaster and Morecambe town centres. The table below gives some very rough estimates of the potential income generated if the levy was set at 1%. It must be recognised this is a crude illustration as more accurate figures will depend on the exact percentage levy, the actual geographic boundary of the individual BID, as well as factoring in any exemptions for certain types of business/organisations:

Area	Total Rateable Value for example area	Levy Rate charged (example)	Estimated annual BID revenue for area £
Lancaster City Centre	£19.99M	1%	£199,966
Morecambe Town Centre	£8.55M	1%	£85,507

5.0 Likely resource implications for the city council

5.1 Enabling and assisting with the BID Proposal and post ballot BID body arrangements will require significant input from the council over and above the cash resources already committed. Members should be aware of the following duties and potential resource issues (further discussed in Legal and Financial Implications sections):

- a) *Holding the ballot*: the council is responsible for holding the deciding ballot for a BID. The local authority must also announce the final result.
- b) *Collection of the BID levy*: the local authority must collect the levy through the rating system. The NNDR shared services experience of Preston BID will be helpful in avoiding pitfalls and reducing costs. The local authority must ensure that all businesses in the given area pay the levy.
- c) *Administering the BID fund*: the city council will be responsible for setting up the ring-fenced BID levy fund. The money will need to be collected, held and transferred over to the BID body under formal agreement ('operating agreement') between it and the city council.
- d) Providing and/or updating the following:
 - Review and confirm compatibility with statutory plans, planning guidance, traffic plans, public realm management, community safety issues and the needs of user groups.
 - Baselineing of current services to assist additional service development and monitoring effectiveness/audit of any additional service provision funded.
 - Gathering and maintaining accurate information on the rating lists, active businesses and mapping potential BID levy take.
- e) *Supporting the BID body*: if the Lancaster/Morecambe BID body is not able (or it is not cost effective) to support a viable independent administration mechanism/team to run BID implementation, council service support may need to be provided.

5.2 BID legislation allows for administrative costs to be absorbed in the BID levy. This must be discussed and negotiated with the BID proposer so that any charges are appropriate, commensurate with the task, and clear to those who will vote.

5.3 To date BID support work has been undertaken by officers within Regeneration & Policy team with assistance from other departments, particularly Revenues/NNDR team. A Regeneration & Policy officer will continue to lead and be the initial point of contact for BID development with the Lancaster Chamber but cross-departmental

work is needed over the next year which may have resource/business implications. An officer working group has been convened to support BIDs and manage and review implications arising from BID Proposal development and post ballot arrangements in Lancaster and Morecambe. Any major resource implications which cannot be absorbed within existing budgets/resource will be referred to Members.

- 5.4 There is no automatic exemption from the BID levy for local authorities. The city council will be liable for the levy on the rateable property it occupies/holds should a ballot be successful.
- 5.5 As a potential levy payer the council is also eligible to vote in a ballot. Reviewing nationwide BIDs shows there are no hard and fast rules on how local authorities treat this aspect of the process. It will be up to Members to decide how the council's active participation in the ballot may be viewed in the light of the ongoing consultation and development of the BID proposals. The 'weight' of the council's property holding, both in terms of outright rateable value and number of hereditaments, could be significant in the ballot outcome in both Lancaster and Morecambe. More detail on this and financial aspects of the BIDs will be available when Members consider the detailed BID Proposals.

6.0 Details of consultation

- 6.1 The Lancaster Chamber has undertaken extensive consultation with its members on their potential role in BID development and delivery. They report positive and encouraging feedback and enthusiasm from local businesses keen to get on board.
- 6.2 Through the funding agreement officers will ensure the BID proposer adopts governance arrangements and formal reporting systems that are consistent across BID areas and that there are appropriate mechanisms for consultation/dissemination of information to local stakeholders.

7.0 Options

- 7.1 Although the report is primarily provided to update Members the following options can be considered:

	Advantages	Disadvantages	Risks
Option 1: Do nothing	No advantages.	Loss of credibility with business community. No contribution to council's Corporate objectives.	Council may be in breach of statutory duties to support BID proposer as defined in BID legislation.
Option 2: Continue with preparations for introduction of BIDs in partnership with Lancaster Chamber in Lancaster and with the local trade associations in Morecambe	Successful BID should have benefits for the local authority as well as the business community. Clear and credible leadership for the business community to identify with. Potential for more effective use of council resources and innovation in town centre service delivery. Should engender a closer relationship	No guarantee that BID ballot in Lancaster or Morecambe would ultimately be successful. Allocated resource for BID proposer/partnership to move to 'BID readiness' will need to be supplemented by council officer resources. Relatively long lead in period to	Council and officer resources required pre and post ballot which need to be fully defined and understood. Implications for council and other statutory services of committing to

	between business community and statutory service providers. Fosters improved and clearer communication and genuine partnership with business Effective opportunity for local businesses to have a voice on subjects relating to the environment in which they trade.	ensure best possible chance of success.	'baseline' service provision over BID lifetime may reduce flexibility.
Option 3: Explore alternative routes / partnerships for introduction of BIDs in Lancaster and Morecambe	Could have same benefits as Option 2 although development could take longer.	As Option 2 but with the addition that it is difficult to see an alternative partnership/route to BID implementation that has credibility in the business community.	As Option 2 but even more difficult and time consuming to get to ballot stage

8.0 Officer Preferred Option (and comments)

8.1 Officers prefer Option 2. There is a clear way forward for Lancaster BID and emerging consensus for progression of the Morecambe BID. The BID officer working group should ensure that any issues arising from BID Proposal development and pre/post ballot resource implications for both Lancaster and Morecambe are addressed in partnership with the BID proposer.

8.2 The Lancaster Chamber and NWLCC have confirmed that the resources agreed for the Lancaster BID are sufficient for the purposes of BID Proposal development. This follows the experience of NWLCC in successfully progressing the Preston BID through both proposal and implementation stages. The outcome of a BID ballot cannot be guaranteed but officers believe the relationships being built and the direction emerging gives the best chance of a successful outcome.

9.0 Conclusion

9.1 It is accepted by most local authorities active in this field that BIDs create an effective opportunity for local businesses to have a voice and direct impact on subjects relating to the environment and circumstances in which they trade. Development of BIDs has been proven to help build business and encourage local economic growth.

9.2 This report has outlined the BID concept and highlighted potential implications for the council moving forward. Lancaster Chamber has been leading on options for taking forward BIDs - work which has been ongoing since council resources were allocated in October 2010. Officers have a close working relationship with the staff and Board of Lancaster Chamber and a clear way forward for progressing Lancaster BID has emerged. Members are invited to nominate a cabinet member to represent the city council on the Lancaster BID Steering Group. Work is ongoing on developing a clear way forward for a Morecambe BID with Lancaster Chamber currently in discussion with the leading local trade and tourism associations.

RELATIONSHIP TO POLICY FRAMEWORK

In working towards implementation of Business Improvement Districts the council will be achieving and/or reviewing and improving upon a number of its corporate objectives/outcomes as defined in the Corporate Plan 2011-14:

Economic regeneration (Visitor Economy)

- Number of visitors to the district is increased and visitor spend maximised
- The profile of the district as a visitor destination is improved
- Retail offer and built environment in Lancaster city centre is improved
- Economic impact of festivals and events is increased
- The attractiveness, accessibility and enjoyment of the district's parks and open spaces for visitors is improved

Statutory responsibilities

- Streets and public spaces are clean
- Our district is safe
- Our local environment is protected by a reduction in incidents of environmental antisocial behaviour (such as climate change, tipping, littering, fly posting, graffiti and vandalism)

Partnership working and community leadership

- The impact of budget cuts across the district is minimised through joint working between partners to deliver efficiency savings
- Needs and aspirations of local communities are understood
- Local communities are actively working with partners to improve where they live in ways that matter to them
- Our partnerships produce tangible outcomes that benefit our citizens.

The implementation of BIDs is a key priority of the recently approved Lancaster Cultural Heritage Strategy.

CONCLUSION OF IMPACT ASSESSMENT

Diversity: None

Human Rights: It is assumed from nationwide BID activity, and through its continuing use, that activities properly undertaken within the BID legislation are compatible with Human Rights.

Community Safety: Successful BIDs often undertake projects around community safety/business security matters. It is not clear yet whether such activity will form part of Lancaster/Morecambe BIDS but officers involved in community safety matters and the police are likely to be involved in baselining current community safety provision in Lancaster and Morecambe and developing/advising on additional services which could be funded via the BID levy.

Sustainability: None

Personnel: Significant council officer resource will need to be applied during BID Proposal and post ballot stages as outlined in the report

Rural proofing: None

Health and Safety: None

LEGAL IMPLICATIONS

The Business Improvement Districts (England) Regulations 2004 prescribe the basic requirements which must be met in order for a BID to meet its statutory duty. A summary guidance note of the main areas of the legal framework relevant to the council is attached in Appendix 2.

The Regulations require the local authority to undertake a series of formal roles as outlined in the report (levy collection, holding the ballot, provide baseline data, approval of BID proposal). It is likely formal agreements will need to be entered into between the BID delivery body and the council as follows:

- *Operating agreement*: a formal contract between the BID body and the local authority setting out the various procedures for the collection, payment, monitoring and enforcement of the BID levy
- *Baseline agreements*: setting out the standard services (those services which are undertaken as part of statutory functions and services which are additional to those usually provided as part of statutory functions) which the council and other public service providers will continue to provide within the BID area.
- *Complementary services agreement (if applicable)*: those services provided by the council solely for the improvement or benefit of the BID area, funded using the BID levy or other contributions to the BID body.

A number of tried and tested template agreements are available free of charge from national organisations involved in BID best practice. However, it will require legal and relevant service officer resource to review agreements in detail when particular service implications are understood.

The council will have to carry out a policy compliance check to ensure that BID business plans do not conflict with any policies and to ensure that the BID proposal and process adheres to all of the rules set out in the Regulations. The council, as billing authority, has the power to veto any BID proposal where it might conflict with any locally adopted plans. As noted in the report, in practical terms the use such a veto would be unlikely as the likelihood of a BID being set up which would conflict with the aims and objectives of the council's community strategy will be remote.

Should there be a successful ballot the levy will be a statutory debt subject to the usual principles of rate collection, reminder notices and enforcement action for non-payment. The first point of contact for businesses with billing questions will be the council, rather than the BID delivery body. Experience of BIDs nationally shows the levy is not a major cause of non-payment but enforcement action may still be required in certain cases. Revenues shared service experience of BID collection/enforcement matters will be valuable in this regard. The timetable for reminders and enforcement will follow that of the existing NNDR system.

FINANCIAL IMPLICATIONS

£80K was included in the 2010/11 revenue budget for developing the Lancaster and Morecambe BIDs. This is available to support the process in 2011/12 subject to Member approval of the requested carry forward.

The proposal is that £40K is to be allocated to the Lancaster Chamber of Commerce to get the Lancaster BID to ballot stage. In addition to this, there are a number of costs in relation to BID development that should have no bottom line impact on the Council:

1. Administrative costs of identifying BID boundaries and producing a listing of all those rateable properties within the relevant boundaries; this is judged to be absorbable

within current budgets.

2. Updating the NNDR system to support the collection of BID levies; this is estimated at a £15K cost following a successful ballot and so would need to be included in the capital programme in 2012/13. The intention would however be that this was funded from the subsequent levy. There would also be an ongoing revenue cost of £2K, again funded from the levy.
3. Potential costs of supporting the BID operationally post ballot; it is anticipated that whoever managed the post ballot operational side of the BID (e.g. the council or the Lancaster Chamber) would take an administrative fee from the levy.

As to the cost of any cash flow support (e.g. front loading contributions to the eventual delivery organisation, as is done with Parish precepts), this would have to be reviewed in the light the Council's treasury position at the time. Using the projected sums involved (£200K annual levy for Lancaster) at the projected bank rate, this would represent a cost of around £2K per annum in lost interest to the Council, if it was not recovered from the levy.

The main bottom line impact in cash terms will be additional cost to the council for the levy on its properties for which it holds rates liabilities within the BID areas. An indicative estimate is £12K for Lancaster and £3K for Morecambe although this is subject to change depending on BID areas and the status of the rates liability. This will have to be included in the revenue budget from 2013/14 onwards.

It will also be important for Council officers to monitor any time spent on supporting the BID process so that the full value of this contribution in kind from the City Council is clear to Members.

Plans for the Morecambe BID are at a less advanced stage; there are no current plans to allocate the £40K of revenue already in the budgets for this purpose. Officers will need to monitor this to ensure that any budgets are realistic and do not overstate the likely spend for a given financial year.

OTHER RESOURCE IMPLICATIONS

Human Resources:

Internal council human resources will be utilised to deliver BID support as outlined in the report.

Information Services:

Following a successful ballot updates to the billing software used by the council to generate and administer rates bills will be required. The implications are outlined in the report and costs will need to be reimbursed through the BID levy. There will be additional resource costs in the form of IS staff time, to work with Capita on the implementation of the software and a period of testing prior to the first year's billing for the BID.

Property:

The city council will be liable for the BID levy on rateable property which it occupies/holds should a ballot be successful. The BID area may encompass city council property leased to commercial tenants. Some of these will pay increased business rates as a result of a successful BID. The improvement to the environment of the area should be a benefit to these businesses and therefore the increase in rates payable should not have a detrimental

affect on the rental income to the council. A successful BID may also improve the take up of the council's empty commercial property, reducing its general business rate liabilities.

Open Spaces:

The BID area may encompass areas defined as 'open space'. The potential improvement to the environment of any open space included in a BID should be a benefit to the community and businesses.

SECTION 151 OFFICER'S COMMENTS

Linked to the Localism Bill, Members may be aware that the Government is undertaking a Local Government Resource Review and as a result, changes to the existing National Non-Domestic Rating system are expected to be implemented - possibly as early as 2013. It is fully expected that BIDS will continue to operate as part of the new arrangements, but future national developments will be kept under review as any local BID proposals develop.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

[Local authority Guide to BIDS published by Association of London Government](#)

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Ref:

Appendix 1

Lancaster BID Steering Group Terms of Reference

Appendix 2

Summary guidance on The Business Improvement Districts (England) Regulations 2004

STEERING GROUP – ROLES AND RESPONSIBILITIES

1. Name

The Group will be known as the Lancaster Business Improvement District Steering Group, hereinafter referred to as 'the Steering Group'.

2. Vision

The Steering Group is an association of organisations and individuals committed to working together in order to improve the trading environment for businesses located in Lancaster city centre.

Our vision is to improve the economic prosperity of the city centre by providing businesses with the opportunity to directly improve their own trading environment.

3. Principles

The BID will be:

- Dedicated to improving the interests of business ratepayers in the BID area.
- Providing projects and services that are in addition to activity delivered by Lancaster City Council, Lancashire County Council, and Lancashire Constabulary.
- Representative of business ratepayers in the BID area.
- Accountable by publishing annual accounts and holding annual general meetings.

4. Membership

4.1 Membership of the Steering Group is proposed as follows:

Chair	1 seat
Retail sector – national	2 seats
Retail sector – independent	2 seats
Leisure sector	1 seat
Licensed sector	1 seat
Commercial	1 seat
Police	1 seat
Lancaster City Council	1 seat
North and Western Lancashire Chamber of Commerce	1 seat
Lancaster and District Chamber of Commerce, Trade and Industry	1 seat
Charity / voluntary sector	1 seat

Total

13 seats

4.2 For a meeting of the Steering Group to be quorate at least six members must be present.

4.3 The Secretariat for the Steering Group will be provided by Lancaster and District Chamber of Commerce, Trade, and Industry. Additional support will be provided by North and Western Lancashire Chamber of Commerce as and when necessary.

4.4 If casual vacancies occur among the members of the Steering Group, it shall have the powers to fill these from among eligible business ratepayers in the BID area (*providing that the industry sector balance in 4.1 is maintained*).

4.5 Any member may resign from his/her appointment as a member of the Steering Group by giving the Chairperson written notice to that effect.

4.6 The Steering Group will be non-party in Politics and non-sectarian in Religion.

4.7 The Steering Group will meet at least six times year.

Election of Chair and Vice Chair

5. Powers

Members of the Steering Group are key influencers and enablers. Powers however are limited but include:

- Approving new projects for inclusion in the annual delivery plan.
- Providing advice and guidance in the delivery of project activity.
- Approving the annual BID budget.
- Monitoring key performance indicators, income and expenditure.
- Representing the views of the business ratepayers in the BID area.

6. Geographical area of responsibility

The Steering Group's key objectives will focus on focus on businesses and properties located within the BID area:

List streets by name

7. Inclusion and equality

The Steering Group will seek to undertake its activities in an inclusive manner, and will encourage participation from all areas of society irrespective of age, sex, sexual orientation, race, nationality or Political or religious or other opinion.

8. Affiliations

The Steering Group may join, support or affiliate to other initiatives when it is deemed necessary in the realisation of its objectives subject to a majority vote of all members of the Group.

9. Voting

Any question arising at a meeting of the Steering Group or one of its committees shall be decided by a simple majority of those business members present and voting. Voting shall be undertaken through a show of hands.

The Chair will have the casting vote.

Each business present shall have one vote in any given ballot, regardless of the number of representatives present from any one business at the meeting.

10. Minutes

Minutes shall be kept of the Steering Group meetings. Accuracy of minutes shall be the responsibility of the meeting Chair. Minutes shall remain draft until formally approved by the relevant meeting Chair.

Any queries arising from the minutes shall be raised at the subsequent meeting.

The Steering Group has responsibility for ensuring that accurate minutes are kept for all meetings, utilising support from Lancaster and North and Western Lancashire Chambers of Commerce as necessary.

11. Declaration of interest

Members must declare interest where Steering Group decisions will impact on stated interest.

12. Records

The proposal for the Business Improvement District for Lancaster city centre, minutes of meetings and the annual delivery plan will be available by email or hard copy.

13. Employees

The Steering Group will not be directly responsible for employing staff.

Both Chambers of Commerce will assume responsibility for the employment, development and management of any BID employee(s) and other support staff.

14. PR and media protocol

Press and media enquiries shall be referred to Chair before any official statement is made by individual members of the Steering Group or working groups.

We confirm that this constitution has been approved by a majority of members in attendance of the first Steering Group meeting of the Lancaster Business Improvement District held on xxxxxx 2011.

Chair of Lancaster Business Improvement District Steering Group

Name:

Signed:

Date:

GUIDANCE ON THE BUSINESS IMPROVEMENT DISTRICTS (ENGLAND) REGULATIONS 2004

Intention

The purpose of this guidance is to explain the intention behind the legislative framework of BIDs and to advise the reader on issues which may arise in the development and implementation of a BID scheme. Definitive interpretation of legislation is a matter for the courts to decide and this guidance should not be interpreted as anything other than guidance.

The Business Improvement Districts (England) Regulations 2004 prescribe the basic requirements which must be met in order for the BID to meet its statutory duty. The Regulations are available from the HMSO and cost £6.00.

Regulation 1 - gives the definition of the various terms used in the Regulations, for example the meaning of 'BID proposer' and 'BID body'.

Regulation 2 - provides for the billing authority to supply information from its non-domestic rate records to persons developing BID proposals.

- Authorities will be able to provide details of names and addresses of the non-domestic ratepayers and the rateable values of the hereditaments located in the area covered by the BID proposals.
- Authorities may charge for supplying this information.

The intention behind Regulation 2 is to enable BID Proposers to develop a BID scheme through canvassing opinion from the business community. As part of this development we would strongly encourage Billing Authorities, BID Proposers and the Ballot Holder to work together in making sure that the local rating list is up to date, and that any proxy voting rights are in place. An up to date list will help make sure that the right person in the company receives the ballot paper in plenty of time.

Regulation 3 - specifies the persons who may draw up BID proposals:

- A billing authority
- A non-domestic ratepayer
- A person with an interest in land within a proposed BID area
- Members of a body which has, amongst its aims, the intention to manage a Business Improvement District.

A BID Proposer is statutorily required to notify, in writing, the Secretary of State and the relevant Billing Authority of their intention of asking the Billing Authority to put the BID Proposal to the ballot. This notice is required 12

weeks prior to the BID Proposer submitting proposals to the billing authority for balloting.

The address to which the notice should be sent in regards the Secretary of State is:

Secretary of State
Office of the Deputy Prime Minister
5/H2 Eland House
Bressenden Place
London
SW1E 5DU

Each BID will emerge from the unique circumstances in the area and this Regulation allows a wide number of interested groups to take the lead in developing a proposal. It is fundamental to the success of a BID that it has support from all interested parties. This means an open and constructive dialogue between the local authority and the business community in creating a solid and committed partnership. This will increase the chances of a successful BID.

ODPM will include a list of potential BIDs on its website. The information held will be based on the information received under the statutory requirements of the legislation.

Regulation 4 and Schedule 1 - set out the matters that should be included in a BID proposal.

Where BID proposers decide to seek approval of BID proposals in a BID ballot, under this Regulation they must send to the billing authority:

- a copy of the BID proposals;
- a summary of the consultation it has undertaken;
- a summary of the proposed business plan;
- a summary of the financial arrangements for the BID body.

The BID proposer also needs to satisfy the Billing Authority that he/she has sufficient funds to pay the costs of the ballot, if required to do so under Regulation 10.

Under this Regulation, anyone liable for the proposed BID levy is entitled to receive a copy of the BID proposals and the proposed business plan, if they ask for a copy.

If a billing authority considers that a proposed BID proposal conflicts with their formally published policies, the authority must notify the BID proposer or the BID body in writing, explaining the nature of the conflict.

BID proposals must include information on:

- the works or services to be provided, the name of the provider and the type of body it is;
- the existing baseline services;
- the geographical area to be covered by the BID arrangements;
- the non-domestic ratepayers to be liable for the BID levy (i.e. whether all business or specified classes of business), how the levy will be calculated, and whether costs incurred in developing the BID proposals, holding the ballot, or implementing the BID are to be recovered through the levy;
- the ratepayers who will benefit from relief from the levy and the level of that relief;
- whether the BID arrangements may be altered without an alteration ballot and, if so, which aspects may be so altered;
- the duration of the BID arrangements and when they will start.

Similar requirements are specified where BID arrangements are to be altered.

The BID Proposal is fundamental to the success of a BID. When putting together a plan it is important that the BID proposer takes account of the statutory requirements that need to be included in any proposal. It is recommended that the Proposer involve the local authority at an early stage in the development of the proposals. This will ensure that any concerns the Authority may have are addressed early on instead of occurring at a later stage.

Non-domestic ratepayers must have a clear understanding of the proposed scheme in order to be able to vote accordingly. An underdeveloped proposal is likely to be unsuccessful at ballot.

A proposal that has not been fully developed may cause problems once the BID arrangements are under way.

Regulation 5 - requires the billing authority to instruct the ballot holder (the returning officer for local elections in the area) to hold a ballot:

- when it receives a BID Proposal that complies with Regulation 4
- when an alteration ballot is necessary
- if instructed by the Secretary of State under regulation 9 (declaring a ballot void).

This regulation clearly states that the billing authority has to be content that the proposals cover the issues laid down in Regulation 4 and therefore Schedule 1 (see below).

If a Billing Authority has been involved during the early stages of the BID development then the instruction to go to ballot should occur soon after the

notice given under regulation 4. In such circumstances an instruction could probably be given within a week of receiving the notice.

Regulation 6 - provides that the local authority returning officer is "the ballot holder".

This person is also often the Chief Executive. The ballot holder will be familiar with the management of local elections but BIDs will be a new area for ballot holders.

The ballot holder may delegate this duty to one or more persons.

Regulation 7 and Schedule 2 - requires the ballot holder to carry out the BID ballot and sets out the instructions that must be followed.

The ballot process provides sufficient time for a ratepayer to consider a proposal. Many ratepayers will need to gain approval from their head office, discuss it with their board or consult with interested groups and therefore the regulations allow a period of time for this to happen.

The timetable is as follows.

- The billing authority instructs the ballot holder to hold a ballot, renewal ballot, a alteration ballot, or re-ballot.
- The ballot holder publishes notice of the ballot - no later than 42 days before the day of the ballot.
- The day of the ballot must be at least 28 days after the date ballot papers are sent to voters and no later than 90 days after publication of the notice of the ballot.
- The ballot holder sends ballot papers to voters with a statement on the arrangements for ballot - no later than 42 days before the day of the ballot.
- On the day of the ballot, all ballot papers must be received by 17.00 hours.
- The votes must be counted as soon as practicable after the day of the ballot.
- The notice of the result must be published as soon as reasonably practicable after the result is certified.
- A complaint concerning a material irregularity in a ballot must be made within 28 days of the notice of the result.
- The billing authority must exercise their veto (if required) within 14 days of the day of the ballot.
- Ratepayers can appeal against the exercise of the veto within 28 days of the veto notice.
- Commencement date must be no later than a year from the notice of the result.

Schedule 2 contains detailed procedural requirements on BID ballots under the following headings in the following order:

- Timetable
- Day of the ballot
- Ballot - preliminary procedures
- Ballots - general
- Proxy voting
- Requirement of secrecy
- Notification of requirement of secrecy
- The ballot paper
- Prohibition of disclosure of vote
- Procedure on issue of ballot paper
- Spoilt ballot papers
- Lost ballot papers
- Receipt of return ballot papers
- The count
- Rejected ballot papers
- Decisions on ballot papers
- Declaration of result
- Validity
- Retention of ballot papers

To improve the chances of a ballot running smoothly and effectively and increase a high turnout it is important that extensive groundwork has been done prior to the ballot papers being sent out.

- The BID Proposer, the Billing Authority, and the Ballot Holder together to make sure that the local rating list is updated and that any proxy voting rights are in place.
- The ballot paper will be sent to hereditament concerned; the principal place of business in England of the ratepayer or, where a proxy is appointed, to the address of the proxy.
- Whilst the Regulations are clear on what can/cannot be printed on the ballot paper it is possible to include wording on the envelope containing the ballot paper. Words identifying the envelope as containing important documentation may be printed on the outside of the envelope.

The ballot holder is statutorily required to send a copy the notice of ballot to the Secretary of State at the following address:

Secretary of State
Office of the Deputy Prime Minister
5/H2 Eland House
Bressenden Place
London
SW1E 5DU

Regulation 8 - provides that the person entitled to vote will be the non-domestic ratepayer:

- as defined in the BID proposals (BID area, type of property etc);
- who is the ratepayer on the day of the ballot.

Where a person has two hereditaments within a BID area, he will get a vote for each hereditament.

'Person' means any legal person i.e. natural person, and company.

In the case of a ballot paper being addressed to a company and not to a named individual then the ballot holder is not obliged to check whether the person who signed the ballot paper has the authority of the company to do so. It is for the company to ensure its internal procedures in place to deal with such correspondence. However, as previously mentioned prior groundwork will help to prevent such a scenario from occurring.

Regulation 9 -

A ballot can be declared void if there is a material irregularity, ie a breach of the rules that has influenced the result by a significant extent.

A ballot can only be declared void if a complainant writes to the Secretary of State within 28 days of the announcement of the result of the ballot.

The complainant can be:

- the relevant billing authority
- the BID proposer or the BID body;
- at least 5% of the number of persons entitled to vote in the BID ballot.

The Secretary of State will notify the BID proposer, the local authority and the complainant of his decision and where it was the result of action or omission of the BID proposer may include an explanation to that effect which could make the BID proposer liable to any costs incurred.

Regulation 10 - enables a billing authority to recover the costs of a BID ballot or a renewal ballot from the BID proposer or BID body:

- where less than 20% of eligible ratepayers vote in favour of the proposals and either the ballot was unsuccessful or was declared void due to acts or omissions of the BID proposer /body.

However, there is nothing in the Regulations preventing local authorities from negotiating with BID proposers to share the ballot costs, where a BID is successful. Some authorities may wish to absorb such costs as part of their contribution towards the BID.

Regulation 11 - provides for the billing authority to supply information to the ballot holder from its non-domestic rates records for the purpose of canvassing in relation to a ballot.

Authorities are required to provide details of names and addresses of the non-domestic ratepayers and the rateable values of the hereditaments located in the BID area.

A copy of the information provided by the billing authority may be requested by:

- the BID proposer or the BID body;
- any person/s representing at least 5% of those liable for any proposed BID levy.

Authorities may make a reasonable charge for supplying the information.

The Regulation also prevents the disclosure or use of the information except for the purposes of canvassing those entitled to vote in a BID ballot.

Regulation 12 - enables billing authorities to veto BID proposals if they consider the arrangements are likely to:

- conflict to a material extent with any of their published policies;
- place a disproportionate and inequitable financial burden on any person or group of persons through manipulation of the BID geographical area or the structure of the BID levy.

The veto must be made within 14 days from the day of the ballot.

In deciding whether to exercise its veto, the billing authority must have regard to the following:

- the level of support for the BID proposals;
- the nature and extent of the conflict with the local authority's published policies;
- the structure of the BID levy and how the financial burden of the BID is to be distributed among ratepayers;
- the amount of prior discussion between the BID proposer and the local authority before submitting the BID proposals to the authority;
- the costs incurred in developing BID proposals and in canvassing.

We expect the veto to be used only in extreme cases where the local authority has not been fully involved in the development of the BID scheme.

Regulation 13 - sets out the procedures for dealing with appeals against the use of the veto.

Any person entitled to vote in a BID ballot may appeal to the Secretary of State within 28 days of the veto notice being given by the billing authority.

Appeals must be dealt with by way of written representations. On receipt of an appeal, the Secretary of State must acknowledge receipt and send a copy of the appeal to the billing authority.

Following this, the appellant and the billing authority may make written representations to the Secretary of State within 28 days, and a copy of those representations are copied to the other parties. The parties have a further 14 days to make additional representations.

In deciding whether to exercise its veto, the Secretary of State must take into account:

- the level of support for the BID proposals;
- the nature and extent of the conflict with the local authority's published policies;
- the structure of the BID levy and how the financial burden of the BID is to be distributed among ratepayers;
- the amount of prior discussion between the BID proposer and the local authority before submitting the BID proposals to the authority;
- whether the billing authority changed any of their published policies after being notified of proposals to proceed to a BID ballot, so that the policy then conflicted with the BID proposals; and
- the costs incurred in developing BID proposals and in canvassing.

Regulation 14 and Schedule 3

Where a BID is approved in the ballot the Billing Authority must set up a BID revenue account by the day the arrangements come into force which account for debits and credits. Details are specified in Schedule 3.

BID moneys are ring-fenced from other local authority funds. This means that they can only be spent on BIDs. Each BID must have its own separate BID revenue account even if there is more than one BID within a billing district.

Where a BID comes to an end or is terminated, and if there is a credit to the BID Revenue Account that equates to more than £5 per levy payer, that amount must be returned to the levy payer.

When developing a BID proposal thought should be given to the procedures for transferring the monies from the BID Revenue Account to the BID Body. In most circumstances it is envisaged that the BID Body will carry out the works/services under the BID arrangements with the BA handing amount over directly into the BID Body bank account.

Regulation 15 - cross-refers to Schedule 4 that sets out the procedures to be followed by the billing authority in the administration, collection, recovery and applications of the BID levy.

Regulation 16 - allows BID arrangements to be altered without an alteration ballot, where the BID arrangements include a specific provision to that effect. But arrangements can not be altered without a ballot if the alteration would:

- change the geographical area of the BID;
- change the BID levy in a way that would make liable for the BID levy any person who was not previously liable to pay;
- increase the BID levy for any person.

Where the BID arrangements make provision for alterations to be made without an alteration ballot, there must be consultation those responsible for implementing the BID arrangements and the relevant billing authority.

Regulation 17 - provides for alterations to be made to BID arrangements following a ballot.

Where alterations are proposed to BID arrangements which do not allow for alterations to be made without a ballot and the alterations would:

- change the geographical area of the BID;
- change the BID levy in a way that would make liable for the BID levy any person who was not previously liable to pay;
- increase the BID levy for any person;

the alterations can not come into force unless the alteration proposals are approved by a ballot of the ratepayers liable for the levy under the alterations and the majority of businesses balloted are in favour, both in terms of the numbers and in terms of rateable value.

Regulation 18 - allows a billing authority to terminate BID arrangements:

- if it is of the view that the BID body will have insufficient finances to meet its liabilities;
 - and it has offered the BID body a reasonable opportunity to arrange for financing the shortfall or a reduction in the works or services under the BID arrangements;
 - and those liable for the BID levy have been given the opportunity to make representations at a public meeting about the proposed termination.
- if the authority is unable, due to circumstances beyond its control, to provide works or services necessary for the BID to continue;
 - and there has been consultation with the representatives of the business community.;

Those responsible for the BID arrangements may also terminate those arrangements where:

- the works or services to be provided under the BID arrangements are no longer required;
- the BID body, due to circumstances beyond its control, is unable to provide works or services which are necessary for the BID to continue;
- and provided there has been consultation with the billing authority and representatives of the business community.

At least 28 days notice must be given of an intention to terminate the BID arrangements.

Regulation 19 - requires the billing authority to supply to the ballot holder any information he needs to enable him to carry out his functions under the Regulations.

Regulation 20 - requires the billing authority to pay the ballot holder's expenses in holding ballots under the Regulations. However, where Regulation 10 applies, or where the billing authority has an agreement with the BID proposer, the authority can pass these costs on to the BID proposer.

Regulation 21 - provides for the electronic communication of requests, applications or notices referred to in the Regulations, provided they are legible and capable of being used for subsequent reference.

Schedule 3 - sets out the information required to be reflected in a BID Revenue Account kept by a billing authority.

Schedule 4 - contains detailed requirements on the imposition, administration, collection, recovery and application of the BID levy under the following headings in the following order:

- Interpretation
- The requirement for demand notices
- Content of demand notices
- Invalid notices
- Service of demand notices
- Payments under demand notices
- Payments under demand notices: further provision
- Demand notices: final adjustment
- Enforcement
- Outstanding liabilities on death
- Application of BID administration provisions to the Crown
- Joint occupiers and owners: billing

- Joint occupiers and owners: enforcement
- Enforcement in relation to partnerships

By virtue of paragraph(s) 4 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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